

# OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH



FOLLOW-UP OF Marrero-Estelle Volunteer Fire  
Company No. 1

**2015-0003**

FOLLOW-UP REVIEW  
ISSUED 10/4/2019



OFFICE OF INSPECTOR GENERAL  
JEFFERSON PARISH

DAVID N. McCLINTOCK  
INSPECTOR GENERAL



October 4, 2019

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Jefferson, LA 70123

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**Audit #2015-0003's Follow-Up Audit of Marrero-Estelle Volunteer Fire Company No. 1, dated 11/30/2016**

The Jefferson Parish Office of Inspector General (JPOIG) conducted a **follow-up review** of the **Audit of Marrero-Estelle Volunteer Fire Company No. 1 (2015-0003)**, dated 11/30/2016. Follow-up reports monitor the implementation of recommendations previously made. The review demonstrates that most recommendations were resolved. One recommendation was resolved-in-part, and another has remained unresolved. Resolution of the issues fall primarily with the management of the Marrero-Estelle Volunteer Fire Company No. 1.

The audit follow-up process does not require a written response, nor do we include any external commentary as each finding has already been addressed through the volunteer fire company's initial response to the original report. In the interest of facilitating positive change, we will make arrangements to meet with any recipient who may wish to discuss the report or a corrective action plan.

I appreciate the sincere and earnest efforts by the staff of the Marrero-Estelle Volunteer Fire Company No. 1 and others in the Administration who worked with us during this effort

Respectfully,

David McClintock

cc:

Commissioner Howard G. Maestri, Chairman  
Commissioner Warren R. Bourgeois III, M.D.  
Commissioner Dolores C. Hall  
Commissioner Sandra T. Joseph  
Commissioner Laura J. Donnaway



**OFFICE OF INSPECTOR GENERAL  
JEFFERSON PARISH**

DAVID N. McCLINTOCK  
INSPECTOR GENERAL



<b>Date of Report:</b> 10/04/2019	<b>PUBLIC FOLLOW-UP REVIEW</b>	<b>Case:</b> 2015-0003
<b>Period of Review:</b> 1/01/2018 – 06/30/2019	<b>Report By:</b> Greg Lampard	<b>Status:</b> Final
<b><u>Subject of Review</u></b>		
<ul style="list-style-type: none"> <li>Marrero-Estelle Volunteer Fire Company No. 1.</li> </ul>		

**STANDARDS**

Pursuant to the Jefferson Parish Code of Ordinances (JPCO) §2-155.10(11)(a), the Jefferson Parish Office of Inspector General (JPOIG) initiated a follow-up review of JPOIG’s audit report numbered 2015-0003 dated 11/30/2016. The follow-up audit was performed in accordance with the code of ethics and standards of the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors (IIA).

**ACRONYMS**

The following acronyms appear in the document:

<b>JPOIG</b>	Jefferson Parish Office of Inspector General	<b>Parish</b>	Jefferson Parish
<b>JPCO</b>	Jefferson Parish Code of Ordinances	<b>Fire District</b>	Jefferson Parish Fire Protection District No. 8
<b>MEVFC</b>	Marrero-Estelle Volunteer Fire Company No. 1	<b>NFPA</b>	National Fire Protection Association
<b>GAAP</b>	Generally Accepted Accounting Principles	<b>CPA</b>	Certified Public Accountant

**INTRODUCTION**

The focus of the original audit report was a review of MEVFC’s receipts and disbursements regarding public funds received from Jefferson Parish (Parish). The source of the public funds audited were millage funds designated for fire protection services pursuant to the Fire Protection Agreement between the Parish and the MEVFC. The scope and objective of the original audit considered relevant financial data, systems, personnel, and other information to provide assurance of sufficient internal controls, legal compliance, and the proper recording and usage of public funds.

## **BACKGROUND**

On 11/30/2016, the JPOIG issued a public report titled, “Marrero-Estelle Volunteer Fire Company No. 1 Audit,” which included a response by Sutton, Alker & Rather, LLC., who responded on MEVFC’s behalf. A copy of the full report can be located at JPOIG’s website. The report’s audit period was 01/01/2012 – 12/31/2014. The audit resulted in nine (9) findings and two (2) observations related to unallowable expenditures, inadequate inventory practices, and the lack of internal controls over payroll, fuel purchases, and bank reconciliations. Questioned funds totaled \$1,489,916. This report assesses corrective actions taken by the MEVFC’s management since the issuance of the original report.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objective**

The primary objective of the follow-up review is to determine if MEVFC’s management has effectively implemented the recommendations in the JPOIG’s audit report numbered 2015-0003 dated 11/30/2016. Additionally, the follow-up will also evaluate the efficiency and effectiveness of the implementation of any recommendation. The Fire Protection Agreement governs the business relationship between the Parish and the MEVFC. The agreement has a ten (10) year term, 12/01/2017 through 12/01/2027. The follow-up included testing on compliance-related matters delineated in the Fire Protection Agreement. If other matters of issue are noted as part of this effort, additional observations will be included as part of the follow-up report.

### **Scope and Methodology**

To accomplish the above objectives, the following procedures were performed:

- A review of applicable resolutions and contracts between the Parish and MEVFC;
- Interviews with the MEVFC’s management to determine if corrective action plans have been effectively implemented since the issuance of the original report;
- A review of the MEVFC’s policies and procedures;
- Research and analysis including but not limited to, MEVFC’s financial records, payroll records, mileage logs, training records, and insurance coverages; and
- A physical inventory of the MEVFC’s fixed assets (vehicles and large items of equipment).
- A review of documents and records submitted to the Fire Services Director and Finance Director as required by the Fire Protection Agreement.

The two tables below summarize the transactions tested.

<b>Table 1 Transaction Sample Statistics</b>	
<b>Classification</b>	<b>Number of Transactions Tested</b>
Fuel	275
Fire Operations	48
Equipment and Fixed Assets	38
Vehicle Repair and Maintenance	49
Professional Services	34
Travel/Training	18
Utilities	7
Miscellaneous	16
Total Transactions Tested	485
Percentage of Transactions Tested	53%
Total Transaction Population	920

<b>Table 2 Payroll Sample Statistics</b>	
Number of Employees' Payroll Tested	4
Percentage of Payroll Tested	18%
Total Number of Paid Employees	22

### **FOLLOW-UP RESULTS**

The three (3) potential categories of corrective action are:

1. **Resolved** - The Department/Parish/Entity has implemented actions that have, or should if implemented; resolve the core findings/concerns noted in the original report.
2. **Resolved, in part** - The Department/Parish/Entity has implemented actions in response to the audit but the actions do not fully address the findings/concerns raised in the original report.
3. **Unresolved** – The Department/Parish/Entity has not implemented actions that resolve the core findings/concerns noted in the original report and/or rejected the recommendation in the original report.

<b>Finding #1</b>	Millage funds spent for a questionable purpose (food).
<b>JPOIG Recommendation</b>	MEVFC should cease the regular provision of meals to its employees. Taxpayer funds should only be spent on items approved by the voters of the District.  The MEVFC should comply with Attorney General Opinions regarding the “reasonableness” of the purchase if meals are provided for training-related purposes.
<b>MEVFC’s Response</b>	“...Beginning in 2015 the Fire Department ceased providing meals for work details and ceased providing meals for training unless it was out of the area... Meals will not be served for meetings commenced after a normal meal time or for meetings lasting 2 hours or less. If we do choose to provide a meal, that does not meet criteria outlined within attorney general opinions, we shall fund the purchase from private donations.”
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 64 expenditure transactions from the Fire Operations and Miscellaneous expenditure accounts in MEVFC’s 2018 general ledger. The JPOIG agreed each expenditure to supporting documentation and receipts that indicated the nature and purpose of the transaction. None of the transactions tested had indicated that MEVFC spent public funds for questionable food purchases. Additionally, MEVFC has instituted a purchasing policy prohibiting such transactions.
<b>Conclusion</b>	<b>Resolved</b>

<b>Finding #2</b>	Millage money spent for an unallowable purpose (employee insurance deductibles).
<b>JPOIG Recommendation</b>	Millage funds should not be used for personal expenses such as to pay employee prescription and medical out-of-pocket costs. The MEVFC should address the possible IRS taxability of the additional income to its employees.
<b>MEVFC’s Response</b>	“Beginning in 2015 new management eliminated this program. The Fire Department ceased reimbursement or paying deductibles for employees.”
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 172 expenditure transactions from certain expenditure accounts in MEVFC’s 2018 general ledger. The JPOIG validated each expenditure to supporting documentation and receipts that indicated the nature and purpose of the transaction. None of the transactions tested had indicated that MEVFC spent public funds for unallowable purposes related to employee personnel expenses. Additionally, the MEVFC has instituted a policy prohibiting such transactions.
<b>Conclusion</b>	<b>Resolved</b>

<b>Finding #3</b>	Millage money spent for an unallowable purpose (employee bonuses).
<b>JPOIG Recommendation</b>	Public funds shall not be used to pay employee bonuses and/or safe driving pay.
<b>MEVFC's Response</b>	"A review of Fire Department records reflects that the last bonus payment was made on or about July 24, 2014. No such bonuses have been paid since. The new management of the Fire Department ceased this practice."
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 172 expenditure transactions from certain expenditure accounts in MEVFC's 2018 general ledger. The JPOIG validated each expenditure to supporting documentation and receipts that indicated the nature and purpose of the transaction. None of the transactions tested had indicated that MEVFC spent public funds for unallowable purposes related to employee bonuses. Additionally, MEVFC has instituted a payroll policy prohibiting such transactions.
<b>Conclusion</b>	<b>Resolved</b>

<b>Finding #4</b>	Millage funds spent for an unallowable purpose (flowers and miscellaneous items).
<b>JPOIG Recommendation</b>	Establish policy to ensure adherence to the terms of the proposition when making purchases with millage funds. Set up a separate account that does not contain public funds to use for purchasing flowers and costlier awards.
<b>MEVFC's Response</b>	"The report identified \$615 spent for flowers related to illness, death, sympathy or birth of a child and \$894 for funeral related expenses. The funeral expenses, for example, were for a 45 year volunteer and the department felt this was an appropriate show of gratitude for the years of service. Commencing in 2015 the Fire Department has started a privately funded program for these items so it can continue to show its humanity to those who have risked their lives to save others."
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 64 expenditure transactions from the Fire Operations and Miscellaneous expenditure accounts in MEVFC's 2018 general ledger. The JPOIG validated each expenditure to supporting documentation and receipts that indicated the nature and purpose of the transaction. None of the transactions tested had indicated that MEVFC spent public funds for unallowable purposes related to flowers and miscellaneous items. Additionally, the MEVFC has instituted a purchasing policy prohibiting such transactions.
<b>Conclusion</b>	<b>Resolved</b>



<b>Finding #5</b>	Millage funds spent for a questionable purpose (Christmas parties).
<b>JPOIG Recommendation</b>	The MEVFC institutes a policy to discontinue the use of millage money for prohibited purposes to include holiday parties.
<b>MEVFC's Response</b>	“The report identifies expenditures in 2012 (\$951) and 2013 (\$1,134) for food related to holiday functions at the Fire Department. These functions, to which the public was invited, were ceased after the 2013 holiday. Commencing in 2014 the Fire Department began using funds from employees for this purpose.”
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 64 expenditure transactions from the Fire Operations and Miscellaneous expenditure accounts in the MEVFC's 2018 general ledger. The JPOIG validated each expenditure to supporting documentation and receipts that indicated the nature and purpose of the transaction. None of the transactions tested had indicated that the MEVFC spent public funds for questionable purposes related to Christmas parties or other social expenses. Additionally, MEVFC has instituted a purchasing policy prohibiting such transactions.
<b>Conclusion</b>	<b>Resolved</b>

<b>Finding #6</b>	Preventive controls over timecards were not in place. Timecards were not signed by the employee and supervisor.
<b>JPOIG Recommendation</b>	Employee timecards should be monitored; the employee should sign and date the timecards and the employees' supervisor should review and approve his employees' timecards. Since April 2014, payroll is now done on the computer and is verified by the Deputy Chief. This system has eliminated considerable paperwork and employees are accessing their schedules and obtaining approvals via the computer program.
<b>MEVFC's Response</b>	“The Fire Department uses a digital system for scheduling and time tracking, there are no physical time cards. As a result, the recommendation for employees to sign and date time cards is inapplicable. However, the department will continue to review payroll reports to assure hours reported are correct.”
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of MEVFC employees' payroll records and time cards for specific pay dates. The MEVFC submitted to the JPOIG multiple records of employee rate change forms for 8 employees, a document with a roster of all employees with pay rates, and time cards from their recently implemented automated timekeeping system. The automated timekeeping system allows employees to input and verify the hours worked during a pay period. The Fire Chief electronically approves the generated report. None of the payroll and time records tested indicated lack of management approval.
<b>Conclusion</b>	<b>Resolved</b>

<b>Finding #7</b>	Failure to keep a current equipment inventory.
<b>JPOIG Recommendation</b>	<p>The JPOIG acknowledges that the MEVFC has sought out and received a more complete inventory. The MEVFC should ensure compliance with the inventory terms of their Fire Protection Contract with the Parish. Inventory should be a matter of policy and ensure that:</p> <ul style="list-style-type: none"> <li>• Inventories be conducted on a scheduled basis and at least annually,</li> <li>• inventory items should be tagged and identified and coincide with the inventory,</li> <li>• the cost of each inventory item should be listed and reconciled to the invoice or receipt.</li> </ul>
<b>MEVFC's Response</b>	<p>“In 2015 the Fire Department began looking for a third-party to undertake a full inventory of all items over \$50. Filepro Consulting was hired to perform the inventory and has placed it on a digital database which the department can review and monitor. The current inventory is of all verified items and values and is constantly updated.”</p>
<b>Validation Results</b>	<p><b>Unresolved</b> – The MEVFC’s management informed us the physical inventory performed by their selected vendor was inadequate and incomplete. During on-site fieldwork, the JPOIG conducted a physical inventory of a sample of MEVFC’s vehicles, machines, and equipment, which have a combined value of approximately \$4,387,101. The sample included 12 vehicles and 26 pieces of equipment/machinery. These items, with a total value of \$3,479,145.33, represent 79% of MEVFC’s vehicles and equipment. The JPOIG located a number of equipment items and reviewed applicable purchase and title documentation. Of the 26 pieces of machinery/equipment, 13 could not be located. Three (3) items were in the possession of an employee working in the field, and another item was already sent to the Parish Surplus Division. The JPOIG could not verify nine (9) items due to inaccuracy of the vendor’s inventory report.</p> <p>Although the MEVFC has instituted a policy and procedure to require the establishment and maintenance of an inventory tracking system, the JPOIG noted that no such system is currently in place. MEVFC is seeking another third party vendor to re-perform inventory services and plans to use their existing Quickbooks financial system to record fixed asset balances and maintain the requisite detail fixed asset ledgers.</p>
<b>Conclusion</b>	<p><b>Unresolved</b> – The JPOIG recognizes that MEVFC’s implementation of a policy and procedure regarding the tracking and maintenance of an equipment inventory system will improve accountability. However, lack of a valid and accurate physical inventory creates the potential for waste and abuse of company assets to occur and remain undetected. A current fixed asset inventory is required in order to achieve adequate accountability for fixed assets purchased with millage funds. A policy and procedure alone is not sufficient to provide full accountability over company assets.</p>

<b>Finding #8</b>	Lack of accountability for fuel purchases.
<b>JPOIG Recommendation</b>	All employees should be required to enter the correct mileage when purchasing fuel for MEVFC vehicles. Monthly fuel bills should be reviewed and approved by management.
<b>MEVFC's Response</b>	"Although the Fire Department is aware of no abuses, it agrees with this observation and will implement a system for tracking purchases."
<b>Validation Results</b>	<p><b>Resolved, in part</b> – MEVFC utilizes Fuelman to track MEVFC's vehicle mileage and fuel purchases. Fuelman cards are assigned to specific vehicles or gas cans. Each employee is given a number code to use when purchasing fuel. The purchaser is required to input the designated number code and correct vehicle mileage. Fuelman's system records the information and sends a report to MEVFC. The report notes exceptions such as a person purchasing more fuel than allowed, incorrect mileage recorded, and other discrepancies.</p> <p>The JPOIG reviewed MEVFC's 23 Fuelman reports containing 275 fuel transactions for the calendar year 2018 and found 56 Fuelman exceptions noted in the reports, mainly due to incorrect mileage recorded when employees purchased fuel. MEVFC confirmed that the management did not review the Fuelman reports, which led to the reoccurrence of exceptions in the reports throughout 2018. In 2019, MEVFC instituted a policy and procedure to maintain a proper way of purchasing fuel, tracking fuel purchases, and a real-time electronic process for management to verify and follow-up on all noted discrepancies.</p>
<b>Conclusion</b>	<b>Resolved, in part</b> – The creation of a policy and procedure for purchasing, tracking, and verifying fuel purchases will improve accountability. In 2019, the MEVFC has utilized a feature within the Fuelman system that initiates an email to MEVFC once an exception occurs. The report includes information regarding the nature of the exception, the location the exception occurred, and the employee and vehicle involved. MEVFC management then follows up with the employee to document the reason for the exception. The exception report is retained in the employee's personnel file and the number of exceptions are monitored as part of the employee's annual review process.

<b>Finding #9</b>	The MEVFC did not have adequate preventive and detective controls in place such as supervisory approvals over source documents and bank reconciliations.
<b>JPOIG Recommendation</b>	The Fire Chief or designated employee should approve all transactions, vendor invoices, receipts, bank transfers, bank reconciliations, and deposit tickets indicating that they have been independently reviewed for accuracy.
<b>MEVFC's Response</b>	"Marrero Estelle outsources all check printing, payroll, and bank/statement reconciliation services to Chiasson Accounting Services... Marrero Estelle does not have any in-house members that have professional or educational assets to provide such a crucial service. A designee in house will be appointed to review the data supplied by our accounting firm for accuracy."
<b>Validation Results</b>	<b>Resolved</b> – The JPOIG reviewed all of MEVFC's bank statements and reconciliations for the 2018 calendar year. The JPOIG observed no authorizing signatures on the 2018 bank records. In 2019, MEVFC implemented a new policy where the bank statements and reconciliations now have authorizing signatures. Per the new policy, the Administrative Assistant performs monthly bank reconciliations. The President or a member of the executive board (President, Vice President, Treasurer, or Secretary) approves the bank reconciliation. After approval each month, the company's accounting records are closed. MEVFC submitted to the JPOIG current 2019 bank records containing authorizing signatures under MEVFC's new policy.
<b>Conclusion</b>	<b>Resolved</b>

<b>Observation #1</b>	Station Renovations/Bid Law
<b>JPOIG Recommendation</b>	During 2012-2013, renovations were made to Station #84 totaling \$211,086.82. The JPOIG noted that the MEVFC did not obtain multiple bids for the renovations. Although they are not mandated to comply with Public Bid Law, it is recommended that the MEVFC formally adopt and follow the Louisiana Public Bid Law. The MEVFC should monitor and ensure that only the contract price is paid and that no overpayments occur unless the contract price has been amended.
<b>MEVFC's Response</b>	N/A
<b>Validation Results</b>	<b>Resolved</b> – MEVFC's policies and procedures now require MEVFC to follow "Public Bid Law" for capital improvement projects equal to or exceeding \$50,000 and equipment purchases equal to or exceeding \$10,000. The policy also states to "Reference the current contract for details and compliance prior to any purchase of equipment." The JPOIG reviewed receipts and supporting documents for all equipment purchased during the calendar year of 2018. Testing revealed that MEVFC made no equipment purchases in excess of \$10,000. All expenditures tested did have valid documentation.
<b>Conclusion</b>	<b>Resolved</b>

<b>Observation #2</b>	<b>Receipts</b>
<b>JPOIG Recommendation</b>	During the audit, 311 receipts for restaurant and grocery purchases were examined. Of the total, 219 purchases were made at restaurants. Only 21, or 9.67%, of the receipts listed the attendees. Additionally, there were only 34 detailed receipts (15.5%). The majority of the time, the MEVFC only had the credit card receipt. These receipts show only the amount charged and not what was actually purchased by the MEVFC.
<b>MEVFC's Response</b>	N/A
<b>Validation Results</b>	<b>Resolved</b> – Reviewed a sample of 172 expenditure transactions from certain expenditure accounts in MEVFC's 2018 general ledger. The JPOIG validated each expenditure to supporting documentation that indicated the nature and purpose of the expenditure, and noted no exceptions.
<b>Conclusion</b>	<b>Resolved</b>

## **OBSERVATIONS**

### **1. New Reporting Requirements**

Jefferson Parish's contracts with the volunteer fire companies contain reporting requirements regarding financial documents, ethics training certificates, and fire reports. These reports provide the Parish with information to ensure adequate oversight for the expenditure of public funds restricted to fire protection services. Table 3 below summarizes the reporting requirements of MEVFC's Fire Protection Agreement.<sup>1</sup>

<b>Table 3</b>	<b>Report</b>	<b>Frequency/Deadline</b>	<b>Recipient</b>	<b>2018</b>	<b>2019</b>
1.)	Audited financial statement for previous year	Annual	Finance Director	✓	✓
2.)	Itemized annual budget	Annual	Director of Fire	1	✓
3.)	Budget-to-actual report for prior calendar year	Annual (No later than June 30 <sup>th</sup> of each year.)	Director of Fire	1	1
4.)	Quarterly financial reports	Quarterly (No later than 30 days following the end of the reporting period.)	Director of Fire	1	✓
5.)	Certificates of completion for ethics training	Annual (On or before January 1 <sup>st</sup> of each year.)	Director of Fire	1	1
6.)	Fire reports	No later than the last day of the following month.	Office of State Fire Marshal	✓	✓
7.)	Email confirmation from Office of State Fire Marshall indicating receipt of fire reports.	Upon receipt of email confirmation.	Director of Fire	1	✓

<sup>1</sup> For full detailed information on each document's reporting requirements, see Attachment B, Section III, p. 8-9, *MEVFC Fire Protection Agreement*

<b>Legend</b>	
✓	Complies
1	Fire Services had not implemented a process yet for MEVFC to utilize regarding compliance.

MEVFC Reporting Documentation

The JPOIG requested copies from MEVFC of any submitted reports regarding their reporting requirements. MEVFC submitted to the JPOIG their recent 2018 year-end audited financial statements and a report originating from the Office of State Fire Marshal’s website indicating the number of fire reports MEVFC submitted each month in 2018. The JPOIG reviewed the website to retrieve the stats for fire reports submitted in 2019. The JPOIG also verified that MEVFC’s submitted report matched the Office of State Fire Marshal’s website stats. According to website’s stats, MEVFC submitted fire reports for all of the months within the audit’s period of review.

Finance Department Reporting Documentation

The JPOIG also contacted the Finance Director’s office to request any documentation submitted by MEVFC during the audit period. The Finance Director did receive the 2017 year-end audited financial statements on 07/25/2018. As of the end of the follow-up audit period (06/30/2019), a Certified Public Accountant (CPA) had completed and submitted MEVFC’s 2018 year-end audited financial statement to the Louisiana Legislative Auditor’s Office. The JPOIG determined that the Finance Director’s office received the 2018 year-end financial statements on 08/07/2019.

Fire Services Department Reporting Documentation

The JPOIG contacted the Director of Fire Services to verify whether MEVFC submitted the documents as required by the Fire Protection Agreement. The Director of Fire Services informed the JPOIG that a process was not in place for Fire Services to receive and track reports from volunteer fire companies in 2018. Consequently, Fire Services did not request reports from volunteer fire companies in 2018. Beginning in 2019, the Director of Fire Services implemented a software program to send notices to the volunteer fire companies when a required report is due, send warnings when a required report is past its deadline, and to aid in tracking reports received by each volunteer fire company. The software program is still a work in progress and the Director stated that he plans on additional programming in order to address the remaining reporting requirements. Since the implementation of the report tracking software, the MEVFC has sent all of the requested reports and email confirmations. The quarterly financial reports sent by MEVFC consist of a budget-to-actual report for each month of the quarter.

Fire Services currently tracks reporting for the following documents submitted by MEVFC:

1. Itemized annual budget;
2. Quarterly budget-to-actual reports; and
3. E-mail confirmations from the Office of State Fire Marshal.

The document from the Office of State Fire Marshal's website regarding submission of fire reports and the 2017 year-end audited financial statements were the only pieces of evidence submitted to the JPOIG for compliance with 2018's reporting requirements. The JPOIG determined that the website and documents indicate that the MEVFC did submit fire reports to the Office of State Fire Marshal for all of the months in the audit's period of review. However, the financial reports submitted to the Fire Services Department are not complete. A complete monthly financial reporting package normally includes a balance sheet, profit and loss report, and a transaction detail report in addition to the budget-to-actual reports. The JPOIG recommends that MEVFC prepare and submit complete financial packages to its own board on a monthly basis, and financial reporting packages to the Fire Services' Director each quarter (March 31, June 30, September 30, and December 31).

## **2. Inaccurate Payroll Records**

During the review, the JPOIG noted that the MEVFC was not maintaining its current payroll expense records in accordance with generally accepted accounting principles (GAAP). The external auditor reported this issue as a significant deficiency in internal control as of fiscal year-end December 31, 2018.<sup>2</sup> Although payroll expenses may have been understated throughout the fiscal year, the situation was corrected by the volunteer fire company's management and staff. The JPOIG recommends that management continue to process and report payroll expenses in a manner that more closely approximates GAAP.

## **3. Certificates of Title**

According to the current Fire Protection Agreement, apparatus, equipment, and vehicles purchased with public funds shall be the property of the Fire District and titled in the Fire District's name. The agreement further states that apparatus, equipment, and vehicles acquired by MEVFC within 3 years prior to the commencement date that are titled in MEVFC's name be retitled to the Fire District's name.<sup>3</sup>

The JPOIG requested the certificates of title to MEVFC's vehicles. MEVFC sent certificates of title for 12 vehicles along with registration certificates and bills of sale. Of the 12 vehicles, 5 were still titled in MEVFC's name. The Fire Services Director requires that all equipment purchased with millage funds have certificates of title in the Fire District's (Parish's) name. During the follow-up testing period, MEVFC sent the certificates of title for the 5 vehicles in MEVFC's name to the Director of Fire Services in order to effect the transfer.

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<sup>2</sup> Attachment C, *MEVFC Annual Financial Report, Year-Ended 12/31/2018*.

<sup>3</sup> Attachment B, Section I, 3, d), p. 4, *MEVFC Fire Protection Agreement*.

Resolution No.  
115924





On joint motion of all Councilmembers present, the following resolution was offered:

**RESOLUTION NO. 115924**

A resolution providing for canvassing the returns and declaring the result of the special election held in Fire Protection District No. 8, Parish of Jefferson, State of Louisiana, on Saturday, November 2, 2010 for authority to authorize the levy and collection of a special tax; and other matters in connection therewith.

**BE IT RESOLVED** by the Jefferson Parish Council, acting as the governing authority of Fire Protection District No. 8, Parish of Jefferson, State of Louisiana, that:

**SECTION 1.** That this Council does now proceed in open and public session to examine the official certified tabulations of votes cast at the special election held in Fire Protection District No. 8, Parish of Jefferson, State of Louisiana (the "District") on November 2, 2010, to authorize the levy and collection of a special tax in the District, said tabulations having been prepared and certified by the election officials serving at the designated polling places, and this Council does now further proceed to examine and canvass the returns and declare the result of the special election.

**SECTION 2.** That a proces verbal of the canvass of the returns of said special election be made and that a certified copy thereof shall be forwarded to the Secretary of State, Baton Rouge, Louisiana, who shall record the same in his office; that another certified copy thereof shall be forwarded to the Clerk of Court and Ex-Officio Recorder of Mortgages in and for the Parish of Jefferson, State of Louisiana, who shall record the same in the Mortgage Records of said Parish; and that another copy thereof shall be retained in the archives of this Council.

**SECTION 3.** That the result of the said special election shall be promulgated by publication in the manner provided by La. R.S. 18:1292.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS: 7**

**NAYS: None**

**ABSENT: None**

The resolution was declared to be adopted on this the 8<sup>th</sup> day of December, 2010.

PROCES VERBAL OF THE CANVASS OF THE VOTES CAST AT THE SPECIAL ELECTION HELD IN FIRE PROTECTION DISTRICT NO. 8, PARISH OF JEFFERSON, STATE OF LOUISIANA, ON NOVEMBER 2, 2010.

BE IT KNOW AND REMEMBERED, that on Wednesday, December 8, 2010 at ten (10:00) o'clock a.m., at its regular meeting place, Jefferson Parish West Bank Council Chambers, Second floor, New Courthouse Building, Gretna, Louisiana the Jefferson Parish Council of the Parish of Jefferson, State of Louisiana, being the authority ordering and calling the special election held in Fire Protection District No. 8, Parish of Jefferson, State of Louisiana on Saturday, November 2, 2010 with the following members present:

Thomas J. Capella; Chris Roberts; Elton M. Lagasse; Byron L. Lee; Diane Hollis; Louis J. Congemi; Cynthia Lee-Sheng;

there being absent: None

did in public session, examine and canvass the returns of the election, there having been submitted at said election the following proposition, to-wit:

PROPOSITION  
FIRE PROTECTION DISTRICT NO. 8

SUMMARY: TO AUTHORIZE THE CONTINUATION OF THE LEVY AND COLLECTION OF TWENTY-FIVE (25) MILLS PROPERTY TAX FOR 10 YEARS, BEGINNING IN 2011, FOR ACQUIRING, CONSTRUCTING, IMPROVING, PROVIDING, MAINTAINING OR OPERATING FIRE PROTECTION FACILITIES AND EQUIPMENT FOR THE DISTRICT, WITH THE ESTIMATED AMOUNT REASONABLY EXPECTED TO BE COLLECTED FROM THE LEVY OF THE TAX FOR ONE YEAR BEING \$7,000,000.

Shall Fire Protection District No. 8 of the Parish of Jefferson, State of Louisiana (the "District") be authorized to continue the levy and collection of a tax of twenty-five (25) mills on the dollar on all property subject to taxation in the District, for a period of ten (10) years, beginning with the year 2011, with the estimated amount reasonably expected to be collected from the levy of the tax for one year being \$7,000,000 , for the purpose of acquiring, constructing, improving, providing, maintaining or operating the District's fire protection facilities and equipment?

There was found by said examination that, according to the tabulations prepared and certified by the Clerk of Court for the Parish of Jefferson, a copy of which is attached as Exhibit A, the following votes had been cast in the Parish at the election FOR and AGAINST, respectively, the above Proposition, to-wit:

	Votes For	Votes Against
Polling Places	10,172	558

Absentee	1135	558
Totals	11307	4385

The polling places above specified being the only polling places designated at which to hold the said special election, it was therefore shown that there was a majority of 6,922 votes cast FOR the Proposition.

NOW, THEREFORE, the Jefferson Parish Council, acting as the governing authority the Parish of Jefferson State of Louisiana, **DOES HEREBY DECLARE AND PROCLAIM** in open and public session that the Proposition, as hereinabove set forth, was CARRIED by a majority of the votes cast by the qualified electors voting at the election held in Fire Protection District No. 8, Parish of Jefferson, State of Louisiana on Saturday, November 2, 2010, and that the result of said election be promulgated by the Secretary of State for the State of Louisiana and by the Clerk of the Jefferson Parish Council in the manner required by law.

THUS DONE AND SIGNED at Gretna, Louisiana, on this, the 8th day of December, 2010.

/s/ Eula A. Lopez  
Parish Clerk  
Jefferson Parish Council

/s/Thomas J. Capella,  
Chairman, Jefferson Parish Council

JEFFERSON PARISH COUNCIL

/s/Chris Roberts, Council District 1

/s/Elton M. Lagasse, Council District 2

/s/Byron L. Lee, Council District 3

/s/Louis J. Congemi, Council District 4

/s/Cynthia Lee-Sheng, Council District 5

/s/ Diane Hollis, At-Large, Div. A

MEVFC Fire  
Protection Agreement



## FIRE PROTECTION AGREEMENT

THIS Fire Protection Agreement (hereafter referred to as "Agreement") is made and entered into this 21<sup>st</sup> day of February, 2018, by and between the following parties:

**Fire Protection District No. 8 of the Parish of Jefferson, State of Louisiana** (hereinafter referred to as "DISTRICT"), a political subdivision of the State of Louisiana, appearing herein through Cynthia Lee-Sheng, Chairperson of the Jefferson Parish Council, its governing authority, acting by virtue of Resolution No. 130379 adopted by the Jefferson Parish Council on the 15<sup>th</sup> day of November, 2017, a certified copy of which is attached hereto; and

**Marrero-Estelle Volunteer Fire Company No. 1** (hereinafter referred to as "COMPANY"), a non-profit corporation organized under the laws of the State of Louisiana, domiciled and doing business in the Parish of Jefferson, State of Louisiana, herein represented by KEVIN COLEMAN, its PRESIDENT, acting by virtue of that resolution adopted by its membership on the \_\_\_ day of \_\_\_\_\_, 2\_\_\_, a copy of which is attached hereto;

### WITNESSETH

**WHEREAS**, COMPANY is a private, non-profit corporation that has been determined to be a quasi-public entity, obligated to expend public funds in accordance with all applicable laws, which has traditionally provided certain fire protection and suppression services for the good of the public within the geographical boundary of an area now delineated as Fire Protection District No. 8 of the Parish of Jefferson, State of Louisiana; and,

**WHEREAS**, the DISTRICT was formed for the purpose of providing the citizens and taxpayers of DISTRICT with fire suppression services and fire prevention services; and,

**WHEREAS**, the DISTRICT has heretofore contracted with COMPANY for the performance of fire suppression, fire prevention services, rescue operations as well as response to incidents, emergencies, disasters and/or fire related calls due to civil disturbances; and,

**WHEREAS**, COMPANY has performed such services effectively and has honored all of its commitments to the DISTRICT and to the citizens of the DISTRICT; and,

**WHEREAS**, the DISTRICT is aware of the significant cost and resources that would be required if the DISTRICT were to attempt to form its own fire department and to staff it with directly hired public employees; and,

**WHEREAS**, COMPANY has available to it the equipment and manpower to effectively deliver fire suppression and fire prevention services to the citizens and taxpayers of DISTRICT; and,

**WHEREAS**, the funds received by COMPANY from DISTRICT pursuant to this Agreement are primarily for personal services rendered in the form of fire protection services as well as the maintenance and operation of fire protection equipment and buildings.

**NOW THEREFORE**, considering the foregoing and for good and valuable consideration, the receipt and sufficiency of which is acknowledged as evidenced by the respective signatures hereto, the parties do agree as follows:

## I. OBLIGATIONS OF COMPANY

### 1. Fire Protection Services:

COMPANY agrees to provide fire suppression services and fire prevention services within the geographical boundaries of DISTRICT. Said geographical boundaries shall be considered COMPANY's primary coverage area. COMPANY shall make every effort to meet those standards of the National Fire Protection Association (hereinafter "NFPA") adopted by the State of Louisiana, for similar size populated areas in the performance of the following specific services:

- a) Fire suppression services relating to structures and buildings of whatever kind, to brush fires, to trash fires, or to any other kind of fire of whatever nature.
  - (i) In the event that the origin and cause of a fire are deemed suspicious by fire company or law enforcement personnel such that it is reasonably suspected that an arson may have been committed, the commanding fire officer on the scene shall request an investigation by a certified arson investigator. In the event that COMPANY does not employ the services of a certified arson investigator, then COMPANY shall request that a certified investigator from East Bank Consolidated Special Service Fire Protection District of Jefferson Parish, Louisiana or the Louisiana State Fire Marshal's Office be dispatched to the scene to conduct an investigation into the origin and cause of the fire for the purposes of determining whether an arson was committed.
- b) Rescue operations in connection with subpart (a) above. Rescue operations shall include vehicle extrication, elevated rescue and confined space rescues performed by the Company or through mutual aid agreements with other local fire districts. Nothing herein shall be construed to require Company to attempt underwater rescue operations or search for and/or dispose of explosive devices or ordinances. Rescue operations shall also include land and water based search and rescue services, humanitarian aid and other disaster related response services during times that threaten public health and safety posed by possible terrorist actions and weapons of mass destruction and other incidents of man-made origin, and the threats to public health and safety from natural disasters, all capable of causing severe damage to property and danger to life; and shall be subject to additional compensation as follows:
  - (i) Compensation for Manpower shall be the actual cost of all overtime expenses.
  - (ii) Compensation for equipment usage, rental and purchase, shall be the actual cost of such expenses.
  - (iii) Compensation for food and shelter shall be the actual cost of all such expenses.
  - (iv) Compensation for materials shall be the actual cost of all such expenses.
- c) Make available to citizens and taxpayers of the DISTRICT routine technical and fire protection advice such as is customarily offered by Fire Departments.

- d) Enforce the Parish of Jefferson Fire Code and other related ordinances and polices of the Parish of Jefferson that may from time to time be enacted, but only to the extent authorized by law.
- e) Answer and respond to any and all fire calls within the DISTRICT on a 24-hour per day, 7 day per week schedule.
- f) Make every effort to maintain training levels consistent with NFPA requirements.
- g) Maintain training records of all COMPANY firefighting personnel in accordance with applicable state and federal laws for a period of not less than five years, said records to be made available to the DISTRICT upon its written request.
- h) Observe all applicable state and federal safety laws, and endeavor to adhere to all applicable NFPA standards for personal safety and working conditions.
- i) Respond to requests for mutual aid from neighboring communities or DISTRICT pursuant to mutual aid agreements.
- j) Answer and respond to all hazardous materials spills or incidents within the DISTRICT on a 24 hour, 7 day per week schedule.
- k) Adhere to all applicable federal, state, and local laws in the performance of all services and obligations set forth herein.
- l) Establish goals and objectives to maintain or improve the current Property Insurance Association of Louisiana (hereinafter "P.I.A.L.") rating for the defined territory set forth in Article II, Paragraph 8 of this Agreement.

**2. Facility Maintenance:**

- a) COMPANY agrees to maintain any and all facilities which are purchased with Contract Consideration in good condition and further agrees to permit examination of such facilities upon reasonable notice by the DISTRICT and by the P.I.A.L.
- b) COMPANY agrees not to construct any new fire station within the DISTRICT without first receiving the approval of the DISTRICT.
- c) Any Capital Improvement Project to be performed by COMPANY upon DISTRICT property, upon a facility constructed on DISTRICT property, or that will be funded with Contract Consideration shall require DISTRICT approval prior to COMPANY beginning work on said project. For the purposes of this paragraph, a Capital Improvement Project shall be defined as any erection, construction, alteration, improvement, or repair exceeding the sum of \$50,000.00. Additionally, although the Louisiana Attorney General has opined that Title 38 of the Louisiana Revised Statutes of 1950, La. R.S. 38:2211 *et seq.* ("Public Bid Law") is not applicable to COMPANY, COMPANY hereby agrees to adhere to the requirements set forth in the Public Bid Law for projects that exceed the contract limit specified in the Public Bid Law.
- d) COMPANY and the DISTRICT further understand and agree that any acquisitions of immovable property or buildings by COMPANY with Contract Consideration or with public funds generated through bond issues shall be

the property of the DISTRICT and, if legally required to be titled, shall be titled in the DISTRICT's name and not in the name of COMPANY. Additionally, COMPANY agrees that any immovable property or buildings acquired by COMPANY with funds received from DISTRICT or from the Parish of Jefferson prior to the effective date of this Agreement are the property of DISTRICT. COMPANY further agrees that any such assets that are presently titled in the name of COMPANY shall be retitled in the name of DISTRICT.

- e) COMPANY agrees to be responsible for the daily maintenance of any fire stations acquired through bond issues. Building maintenance shall include upkeep of the interior of such station, station grounds, landscaping maintenance, minor premises repairs and custodial and housekeeping services.
- f) In the event COMPANY should cease operations voluntarily for whatever reason during the term of this Agreement or be removed for just cause by the DISTRICT in accordance with the provision of this Agreement, all buildings, equipment or apparatus purchased with or through bond proceeds, appropriations from the Jefferson Parish general and special revenue funds, or Contract Consideration shall become (or remain if already titled in DISTRICT) the property of DISTRICT.

**3. Equipment Purchase, Repair and Inspection:**

- a) Although the Louisiana Attorney General has opined that Title 38 of the Louisiana Revised Statutes of 1950, La. R.S. 38:2211 *et seq.* ("Public Bid Law") is not applicable to COMPANY, COMPANY hereby agrees to adhere to the requirements set forth in the Public Bid Law for purchases of any materials or supplies in the amount of ten thousand (\$10,000.00) dollars or greater utilizing Contract Consideration.
- b) COMPANY shall notify the Director of the Office of Fire Services (hereinafter "Director of Fire") prior to purchasing any vehicles, equipment, or apparatus valued at \$100,000.00 or greater.
- c) The parties agree that any apparatus and/or equipment purchased by COMPANY shall meet NFPA standards at the date of manufacture.
- d) The parties agree that apparatus, equipment, and vehicles purchased with Contract Consideration or with public funds generated through bond issues shall be the property of DISTRICT and shall be titled in the name of DISTRICT. Additionally, COMPANY agrees that any depreciable apparatus, equipment, and vehicles acquired by COMPANY with funds received from DISTRICT or from the Parish of Jefferson prior to the effective date of this Agreement are the property of DISTRICT. COMPANY further agrees that any such assets acquired within three (3) years prior to the commencement date of this Agreement that are presently titled in the name of COMPANY shall be retitled in the name of DISTRICT.
- e) COMPANY shall provide, purchase and maintain the needed emergency communications for all apparatus and equipment.
- f) In the event that COMPANY desires to purchase fire apparatus utilizing the proceeds of a DISTRICT bond issue or utilizing funds held by DISTRICT for capital improvement purposes, then COMPANY shall obtain DISTRICT approval prior to purchasing the apparatus. Should COMPANY fail to obtain the necessary approval, then DISTRICT will not be obligated to pay for any part of the apparatus.



- g) COMPANY shall maintain and repair all DISTRICT owned fire apparatus and equipment in good working condition to the full extent of their expertise, ability and financial means and to permit examination of such apparatus or equipment at reasonable times by the DISTRICT or by the Property Insurance Association of Louisiana.
- h) After the execution of this Agreement, the DISTRICT and COMPANY will cooperate with one another to prepare an inventory of each asset and piece of equipment owned by the DISTRICT with an initial purchase cost of FIVE HUNDRED (\$500.00) DOLLARS or more and utilized by COMPANY. COMPANY will furnish the DISTRICT with a list of all property it believes meets this description. Thereafter, upon reasonable notice to COMPANY, the DISTRICT will have access to COMPANY's premises and records to make whatever verification it feels may be required.
- i) If DISTRICT-owned property in COMPANY's possession is replaced, becomes obsolete or is no longer in use, then said property shall be surrendered by COMPANY to the Jefferson Parish Surplus Property facility. The proceeds of the sale of such property shall be vested in the DISTRICT, and may be used by DISTRICT for any lawful purpose. If COMPANY desires to receive an allocation of DISTRICT surplus property funds, then COMPANY shall make written request to DISTRICT. Should DISTRICT approve the request, then the use of such funds shall be subject to the provisions of this Agreement pertaining to the expenditure of public funds and the maintenance of DISTRICT-owned property.
- j) In the event this Agreement is terminated, all DISTRICT-owned property will be immediately returned to the DISTRICT.

#### **4. Insurance:**

COMPANY agrees to maintain reasonable and adequate insurance coverage for its operations by directly contracting with an insurance carrier of its choice as follows:

- a) Fire and contents insurance sufficient to cover the appraised value of all firefighting facilities and depreciable assets purchased with public funds of any kind, including millage funds, special service charges, bond issues and supplemental payments, and kept on COMPANY's premises.
- b) Auto liability insurance on all vehicles with limits of ONE MILLION (\$1,000,000.00) DOLLARS for each occurrence, and physical damage coverage including collision coverage and comprehensive coverage with a maximum of FIVE THOUSAND (\$5,000.00) DOLLARS deductible for each occurrence. This insurance shall be purchased by the COMPANY on all vehicles.
- c) Worker's compensation insurance in accordance with Louisiana law. Employers liability, section B, shall be at least ONE MILLION (\$1,000,000.00) DOLLARS per occurrence.
- d) Flood insurance for (i) all properties located in a flood zone other than B, C, or X; or (ii) properties which have been previously flooded and have received FEMA funds. This insurance shall be purchased by the COMPANY.
- e) Commercial general liability insurance covering COMPANY's operations and risks associated with such operations in the amount of TWO MILLION (\$2,000,000.00) DOLLARS.

- f) Occurrence-based professional liability insurance with limits of ONE MILLION (\$1,000,000.00) DOLLARS per occurrence and TWO MILLION (\$2,000,000.00) DOLLARS aggregate. Notwithstanding the foregoing, said professional liability coverage shall only be required in the event that a Fire Prevention Bureau is established in the DISTRICT.

The DISTRICT and the Parish of Jefferson, its Districts, Departments and Agencies under the direction of the Parish President and Parish Council, shall be named as an additional insured on COMPANY's General Liability, Automobile Liability, and Professional Liability policies. COMPANY's insurer shall have no right of recovery or subrogation against the DISTRICT or the Parish of Jefferson, its Districts, Departments and Agencies under the direction of the Parish President and the Parish Council, it being the intention of the parties that the Worker's Compensation, General Liability, Automobile Liability, and Professional Liability policies described above shall protect both parties and be the primary coverage for any and all losses covered by the described insurance.

COMPANY shall furnish DISTRICT with certificates evidencing all required coverages. Certificates shall be furnished to the Director of Fire upon execution of this Agreement and within thirty (30) days of the renewal of a policy or the purchase of a new policy.

## II. GENERAL PROVISIONS

1. **Assignment:** The parties agree that each, in making this Agreement, depend on the particular capacities, expertise, powers, and good offices of the other which would not be satisfactorily provided for by a third party, and therefore, the parties hereto agree that no right or obligation hereunder may in anyway whatsoever be assigned or delegated to a third party without express written consent of the other party given hereto in advance.
2. **Notices:** Any notice required to be given pursuant to the provisions of this Agreement shall be in writing, and either delivered in person or deposited in the United States mail, postage pre-paid, registered or certified mail, return receipt requested and properly addressed at the following addresses:  
  
IF TO COMPANY:  
Marrero-Estelle Volunteer Fire Company No. 1  
2248 Baratavia Blvd.  
Marrero, LA 70072  
  
IF TO DISTRICT:  
Fire Protection District No. 8 of the Parish of Jefferson, State of Louisiana  
c/o Chairman, Jefferson Parish Council  
1221 Elmwood Park Blvd., 10<sup>th</sup> Fl.  
Jefferson, LA 70123
3. **Entire Agreement:** This writing constitutes the entire agreement between the parties with relation to the subject matter hereof, and supersedes any previous agreement or understanding, whether verbal or otherwise, with relation hereto, and no addition, deletion, or other amendment hereto may be made except as is agreed in writing by the parties, in advance, with the same formality as accorded this Agreement.
4. **Jurisdiction:** This Agreement shall be governed, construed and controlled according to the laws of the State of Louisiana and COMPANY agrees to be subject to the jurisdiction of the 24<sup>th</sup> Judicial District Court.
5. **Attorney Fees:** In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, on account of any breach or

default hereof, the prevailing party shall be entitled to receive from the other party, reasonable attorney's fees and reasonable costs and expenses, determined by the court sitting without jury, which shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

6. **Waivers:** It is agreed and understood that any failure to strictly enforce any provision hereof, shall not constitute a waiver of the right to demand strict performance of that or any other provision hereof at any time hereafter.

7. **Severability:** The terms and conditions of this Agreement are separate and separable, and if for any reason, any court of law or administrative agency should deem any provision hereof invalid or inoperative, the remaining provisions of this Agreement shall remain valid and in full force and effect.

8. **Defined Territory:** Fire Protection District No. 8 of the Parish of Jefferson, State of Louisiana is bounded by:

Commencing at the point of intersection of the centerline of the Mississippi River and the eastern corporate limits of the City of Westwego, as such limits are presently constituted. Proceeding in a south and westerly direction contiguous with the corporate limits of Westwego to the point of intersection of the southwest corner of the Westwego corporate limits and the center line of Bayou Segnette. Thence, in a southerly direction along the centerline of Bayou Segnette to its point of intersection with the centerline of Bayou Bardeaux, thence along the centerline of the Bayou to its intersection with the dividing line between T14S and T15S, Range 23 East, and Range 24 East. Thence, east along said township line to the parish line dividing the Parishes of Jefferson and Plaquemines; thence northeasterly to the centerline of the Harvey Canal. Thence, north and west along the centerline of the Harvey Canal to the point of intersection with the centerline of the Mississippi River. Thence, westerly along the centerline of the Mississippi River to the point of beginning.

**Designated area of Marrero-Estelle Volunteer Fire Company No. 1:**

Commencing at the point of the intersection of the centerline of Baratavia Boulevard with Lapalco Boulevard thence in a westerly direction along the centerline of Lapalco Boulevard to its intersection with the Gulizo Canal. Thence in a southerly direction along the centerline of said canal to its intersection with the Ames Canal No. 1. Thence in a westerly direction along the centerline of said canal to its intersection with Ames Boulevard. Thence in a southerly direction along the centerline of Ames Boulevard to its intersection with the Ehert Road Canal. Thence in a westerly direction along the centerline of said canal to its intersection with the Outer Millaudon Canal. Thence southerly and westerly along the centerline of said canal to its intersection with Bayou Segnette. Thence in a southerly direction along the centerline of Bayou Segnette to its point of intersection with the centerline of Bayou Bardeaux. Thence along the centerline of said bayou in a southwesterly direction to its intersection with the dividing line between Tp. 14S and Tp. 15S, Range 23 East, and Range 24 East. Thence east along said Tp. Line to the parish line dividing the Parishes of Jefferson and Plaquemines; thence northeasterly along said parish line to the centerline of the Harvey Canal. Thence north and west along the centerline of the Harvey Canal to the point of intersection with the projected centerline of Lapalco. Thence west and north along the centerline of Lapalco Boulevard to its intersection with Baratavia Boulevard, the point of beginning.

9. **Independent Contractor:** It is understood by the parties that COMPANY is a private, nonprofit corporation with its own board of directors and management. COMPANY is an independent contractor, not an agent of or alter ego of the Parish of Jefferson or of the DISTRICT.

10. **Duty to Cooperate with Inspector General:** It shall be the duty of every parish officer, employee, department, agency, special district, board, and commission; and the duty of every contractor, subcontractor, and licensee of the parish, and the duty of every applicant for certification of eligibility for a parish contract or program, to cooperate with the inspector general in any investigation, audit, inspection, performance review, or hearing pursuant to JPCO 2-155.10(19). By signing this document, every corporation, partnership, or person contracting with DISTRICT, whether by cooperative endeavor, intergovernmental agreement, bid, proposal, application or solicitation for a parish contract, and every application for certification of eligibility for a parish contract or program, attests that it understands and will abide by all provisions of JPCO 2-155.10.

### III. REPORTS AND RECORDS

COMPANY agrees to submit the following reports:

- A. To the Finance Director of the Parish of Jefferson on an annual basis an audited financial statement showing the disbursement of all public funds received for the previous year, specifically excluding (if desired) funds raised through COMPANY's private fund-raising activities.
- B. An itemized annual budget for operations and capital expenditures to the Director of Fire. The budget shall be submitted in both electronic and paper copies. COMPANY's budget shall itemize all expenditures of funds derived from this Agreement and provide beginning and estimated ending fund balances. The purpose of this submittal is not to solicit the Director of Fire's approval of the budget, but it is to be used for the reporting and tracking of the proper use of public funds. Any and all amendments made to the budget by COMPANY during the budget year shall be submitted to the Director of Fire not later than ten (10) days from the date that the amendment was approved by COMPANY. Additionally, a budget-to-actual report for prior calendar year expenditures shall be submitted to the Director of Fire not later than June 30<sup>th</sup> of each year. The Director of Fire may elect to provide COMPANY with accounting software that must be used by COMPANY to prepare budget reports and submittals required hereunder. The provision of said software would be at the sole cost of DISTRICT.
- C. To maintain adequate records, and retain such records in accordance with standard accounting guidelines, showing the disbursement of all funds received pursuant to the present contract, and upon reasonable notice to make the same available for audit by the Parish and any other party as required by law.
- D. Quarterly financial reports concerning the expenditures of funds received pursuant to Article IV of this Agreement. Each report shall be furnished to the Director of Fire no later than thirty (30) days following the end of the reporting period, and shall provide the information set forth on Exhibit "A," which is attached hereto and incorporated herein.
- E. Provide certificates of completion issued by the Louisiana Board of Ethics concerning completion of the one (1) hour ethics training program mandated by La. R.S. 42:1170. On or before January 1<sup>st</sup> of each year, COMPANY shall furnish to the Director of Fire certificates of completion for each employee legally required to undergo ethics training during the preceding year. Additionally, COMPANY shall submit a roster of all COMPANY members that are legally required to undergo the ethics training program.
- F. Fire reports must be filed with the Office of the State Fire Marshal no later than the last day of the following month. Fire reports must be completed for all incidents that have generated an item number from the 911 communications center. Upon COMPANY receipt of the email confirmation received from the Office of the State

Fire Marshall indicating receipt of the fire reports, COMPANY shall provide said email confirmation to the Director of Fire.

#### IV. PAYMENT

For and in consideration of COMPANY performing the obligations set forth herein, DISTRICT agrees to pay to COMPANY a sum of money in monthly installments, which represents a portion of the proceeds of the present millage or of any future millage which may be used for maintenance and operations levied annually on the assessed valuation of property subject to taxation in said DISTRICT as well as a portion of the proceeds of any service charge assessed on persons owning commercial and residential structures, whether occupied or unoccupied, located wholly or partly within DISTRICT for the purpose of acquiring, constructing, improving, providing, maintaining or operating DISTRICT's fire protection facilities. The monthly installment amount is hereby established at TWO HUNDRED THOUSAND (\$200,000.00) DOLLARS. Additionally, any portion of the Two Percent Fire Insurance Fund distribution that COMPANY is entitled to receive shall be disbursed by DISTRICT to COMPANY in a separate payment. The aforesaid monthly installments and Two Percent Fire Insurance Fund payments are collectively referred to hereinbefore and hereinafter as "Contract Consideration." Contract Consideration does not include any millage money collected for capital improvements or future bond issues.

COMPANY may make written requests for adjustments to the Contract Consideration or for additional one-time allocations of funds from DISTRICT. All such requests shall be in writing and shall contain justifications for the requested adjustment. The grant of any Contract Consideration increase or of any additional one-time allocation of DISTRICT funds shall be at the sole and unfettered discretion of DISTRICT's governing authority, and may contain restrictions, requirements, or conditions regarding the expenditure of said funding. All such expenditure restrictions, requirements, or conditions imposed by DISTRICT's governing authority concerning a Contract Consideration increase or a one-time allocation of funds shall constitute a part of this Agreement. If COMPANY fails to comply with the expenditure restrictions, requirements, or conditions so imposed, then DISTRICT may rescind the Contract Consideration increase and may reduce future monthly installments to recover any funds that were not expended in accordance with said expenditure restrictions, requirements, or conditions.

Parties hereby acknowledge that the Contract Consideration due hereunder is sourced from revenues that may be subject to fluctuation. Notwithstanding any other provision of this Agreement to the contrary, in the event that actual recurring revenues received by DISTRICT fall below the budgeted recurring revenues in a fiscal year, then DISTRICT's governing authority shall have the right to decrease the monthly installments accordingly. Prior to imposing such a decrease to Contract Consideration, DISTRICT shall provide COMPANY with written notice stating the new Contract Consideration amount and the date that the decrease will become effective.

DISTRICT also agrees to pass any and all resolutions and ordinances needed to impose any and all necessary *ad valorem* taxes in order to obtain the Contract Consideration due COMPANY under this Agreement. DISTRICT further agrees to pass any and all resolutions and ordinances necessary to collect said taxes. DISTRICT further agrees to allow COMPANY, upon reasonable notice, to inspect the public records of the Finance Director of Jefferson Parish concerning the collection and disbursement of taxes and Contract Consideration.

COMPANY agrees to employ all public funds, facilities and equipment entrusted to its care for providing said fire protection services, fire suppression services, fire prevention services, rescue operations, as well as response to incidents, emergencies, disasters and/or fire service calls related to civil disturbances, necessary and incidental for the operation of their respective areas in accordance with applicable laws.

COMPANY acknowledges and agrees to utilize the Contract Consideration in connection with satisfying its obligations under this Agreement solely for the following purposes:

- (i) to acquire and maintain, trucks, apparatus and other movable equipment, including but not limited to insurance, fuel, office supplies, utilities, equipment, communications equipment, uniforms, food, tools, boats, training supplies, search and rescue equipment and supplies, identifications, badges, computers, software, and other similar items necessary and incidental to efficiently satisfy the obligations under this Agreement; and,
- (ii) to purchase the insurance policies that COMPANY is required to maintain pursuant to this Agreement; and,
- (iii) to hire, train, compensate and equip firefighters, operators and officers in accordance with COMPANY by-laws, polices, directives, or hiring procedures; and,
- (iv) to recruit, train, equip and retain volunteer firefighters in accordance with COMPANY by-laws, directives, or hiring procedures; and,
- (v) to purchase, construct and maintain immovable property to serve as fire stations, administrative offices, maintenance facilities and warehouses necessary to support all of the equipment, supplies and personnel required to satisfy the obligations under this Agreement; and,
- (vi) to provide for health and physical fitness expenses including gym memberships and wellness programs for all paid and volunteer firefighters; and,
- (vii) to purchase a plaque, trophy, certificate, medal or similar memento to acknowledge outstanding achievement or valiant act of personnel in an amount not to exceed the value set forth in La. R.S. 40:1510; and,
- (viii) to, in accordance with La. R.S. 40:1510, implement and execute a length of service awards program established by COMPANY, which provides a monetary benefit, based upon service, to eligible volunteer firefighters as determined by COMPANY. Notwithstanding the foregoing, COMPANY shall obtain written approval of said program from DISTRICT prior to the implementation and execution of said plan.

COMPANY acknowledges and agrees that it shall not use the Contract Consideration for the purchase of any of the following:

- (i) Alcoholic beverages.
- (ii) Gifts or supplies for non-firefighting personnel; except as otherwise provided herein.
- (iii) Awards or gifts; except as otherwise provided herein.
- (iv) Training, travel, education or expenses that are not directly related to firefighting, fire department management and administration, search and rescue, hazardous materials, emergency medical response, emergency management, fire suppression services, fire prevention services, rescue operations, as well as response to incidents, emergencies, disasters or civil disturbances.
- (v) Any additional travel expenses incurred as a result of a paid or volunteer member of the COMPANY being accompanied by an individual who is not required to undergo the training for which the travel was authorized, or whose presence is not required for the performance of the COMPANY business for which the travel was authorized.

## **V. EXPENSE RESTRICTIONS**

All travel or training and related items procured by the COMPANY and utilizing Contract Consideration for the purchase thereof shall be subject to the following conditions and limitations:

- (i) All travel and training shall be limited to the COMPANY's firefighting members and administrative staff.
  - a. Notwithstanding the foregoing, should training and/or travel for non-firefighting members of COMPANY be deemed necessary by COMPANY, then the Director of Fire shall be notified of such training and/or travel.
- (ii) Meals
  - a. Reimbursement for all meals shall be based on the latest IRS Publication No. 1542 "Per Diem Rates". Tips on the meals are included in the per diem allowance and shall not be separately reimbursed.
- (iii) Hotel
  - a) In an effort to obtain the most reasonable and cost effective rates, the COMPANY shall choose sites within a reasonable vicinity of the location where the COMPANY business is being conducted.
  - b) Individuals staying with relatives or friend shall not be eligible for hotel reimbursement.
  - c) Miscellaneous hotel room expenses shall not be reimbursed except for business related phone calls and internet access charges.
- (iv) Automobile Rentals: Individuals who anticipate the need for automobile rental must document the need, in writing, prior to out of town travel. All automobile rentals must be obtained in accordance with COMPANY by-laws or in accordance with policies or directives that have been adopted by COMPANY. If no applicable bylaw, policy, or directive exists, then rentals must be individually approved by COMPANY through the process used to approve official acts of COMPANY.
- (v) Transportation
  - 1) Reimbursement for additional airline costs for baggage shall be authorized only if such baggage contains equipment or supplies necessary for the purpose of the air travel, or if the scope of the individual's personal baggage for which the cost is levied is reasonable.
  - 2) Individuals must provide a cost comparison to COMPANY when proposing to use a personal vehicle instead of air travel. COMPANY shall reimburse for the more cost effective mode of transportation.
- (vi) Personal Vehicle
  - 1) Mileage reimbursement shall be calculated using the rates authorized by the IRS.
  - 2) Mileage shall be reimbursed starting from the place of employment to the destination and back. Original receipts for parking must be included for reimbursement.
  - 3) Individuals already receiving mileage allowances must travel in excess of five hundred (500) miles in order to be eligible for reimbursement.
  - 4) All private vehicles used for COMPANY business shall be insured in accordance with Louisiana law.
  - 5) When two or more individuals travel for COMPANY business in the same vehicle, only one individual shall be eligible for mileage reimbursement.

## VI. DEFAULT

The performance or failure to perform any one or more of the following acts shall constitute a default under the provisions of this Agreement:

- a) The failure of either party to cure any breach of contract after receipt of fifteen (15) days written notice.

- b) The filing of a voluntary petition by parties seeking relief under the United States Bankruptcy Act, or the failure of a party to dismiss an Involuntary Petition in Bankruptcy within ninety (90) days after the filing of an Involuntary Petition under the United States Bankruptcy Act.
- c) The voluntary appointment by a party of a receiver or trustee to handle or control all or substantially all of its assets, or the failure to remove an involuntarily appointed receiver or trustee within ninety (90) days after the appointment of the receiver or trustee. The making by a party of a general assignment for the benefit of its creditors.
- d) Notwithstanding the provisions of the preceding paragraph herein, in the event COMPANY fails to carry out the following obligations and duties contained in the Agreement, the DISTRICT shall notify COMPANY and COMPANY shall correct such failure within the time period set forth below or shall be deemed to be in default of this Agreement:
  - 1. Failure to submit reports to DISTRICT: 15 days
  - 2. Failure to make required inspections: 15 days
  - 3. Failure to comply with general responsibilities, obligations, and duties, and maintenance to fire apparatus equipment: 45 days
- e) Notwithstanding any other provisions herein to the contrary, failure or refusal of COMPANY to respond to a fire alarm.
- f) Upon the default of either party, the non-defaulting party may elect to pursue any remedy available at law including, but not limited to declaring this entire Agreement to be terminated. COMPANY shall have the right to immediately cease service as required by the Agreement in the event the DISTRICT fails to pay the consideration provided for in this Agreement. DISTRICT hereby relieves and releases COMPANY from any liability for any losses occurring during such time as COMPANY has ceased service on account of the failure or inability of the DISTRICT to pay the Contract Consideration due under this Agreement and shall indemnify COMPANY against any liability incurred after COMPANY ceases services. This Agreement to indemnify shall include reimbursement for any and all legal fees and costs incurred by COMPANY in defense of any claim or suit brought by any person, corporation, political subdivision, taxpayer or citizen arising out of any losses sustained after fire protection or suppression services cease on account of non-payment of Contract Consideration. This Agreement to indemnify shall be effective whether COMPANY's cessation of services is or is not alleged to be negligent.
- g) In the event DISTRICT fails to pay the consideration provided for in this Agreement or fund the services DISTRICT requires COMPANY to perform under this Agreement, COMPANY shall have the right to cancel this Agreement upon sixty (60) days written notice to DISTRICT. During the sixty (60) day notice period, COMPANY shall make its best effort to perform services under this Agreement although the parties understand that said services may be limited or reduced as a result of lack of manning or inadequate supplies or equipment. After said sixty (60) days period, DISTRICT relieves and releases COMPANY of any liability or losses as may occur as a result of such limited or reduced services and shall defend and indemnify COMPANY and pay all legal fees and costs incurred by COMPANY in defense of any action brought by any person, corporation, political subdivision, taxpayer or citizen on account of any losses sustained on account of inadequate fire protection or suppression.



political subdivision, taxpayer or citizen on account of any losses sustained on account of inadequate fire protection or suppression.

**VII. FORCE MAJEURE**

Neither party to this Agreement shall be responsible to the other party hereto for any delays or failure to perform caused by any circumstances reasonably beyond the immediate control of the party prevented from performing, including, but not limited to, acts of God. Wind limits for Fire dispatch and evacuation plans for Fire Departments are established in the Jefferson Parish emergency operations plan to protect Fire personnel and assets.

**VIII. INDEMNIFICATION**

As to any loss, damage or claim covered by insurance placed hereunder, COMPANY agrees to appear, defend, indemnify and hold harmless the DISTRICT, the Parish of Jefferson, its Parish President and Parish Council, appointed boards and commissions, officials, officers, employees and agents, individually and collectively, from all losses, claims, suits, demands, expenses, recoveries, judgments, subrogation, attorney's fees or actions of any kind or nature resulting from personal injury to any person (including death) or damages to any property, arising out of or alleged to have arisen out of any of COMPANY's negligent acts or omissions in the performance of their obligations under the terms of this Agreement.

**IX. TERM OF AGREEMENT**

The term of this Agreement shall be for ten years commencing on the 1<sup>st</sup> day of December, 2017 and ending at 12:00 a.m. on the 1<sup>st</sup> day of December, 2027. Thereafter, this Agreement shall continue from month to month unless terminated by thirty (30) days written notice by one party to the other.

THUS DONE AND SIGNED in the Parish of Jefferson on the date hereinabove first read in the presence of the undersigned competent witnesses who after due reading of the whole.

**FIRE PROTECTION DISTRICT NO. 8 OF THE PARISH OF JEFFERSON, STATE OF LOUISIANA**

WITNESSES:

Gail LeNormand  
Deshane Parker

By:   
CYNTHIA LEE-SHENG, Chairperson  
Jefferson Parish Council

**MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1**

WITNESSES:

Gail LeNormand  
Deshane Parker

By:   
Print Name: Kevin J Coleman

MEVFC Annual  
Financial Report,  
Year-Ended  
12/31/2018



MARRERO-ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1  
MARRERO, LOUISIANA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2018

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# UZEE, BUTLER, ARCENEUX & BOWES

CERTIFIED PUBLIC ACCOUNTANTS  
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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

JAMES L. BUTLER, CPA  
PATRICK J. BOWES, CPA

DOUGLAS L. UZEE, CPA  
(1926 - 1988)

N. PAUL ARCENEUX, CPA  
(RETIRED)

## INDEPENDENT AUDITOR'S REPORT

To Board of Directors of  
Marrero-Estelle Volunteer Fire Company No. 1  
Marrero, Louisiana

We have audited the accompanying financial statements of Marrero-Estelle Volunteer Fire Company No. 1 (a Louisiana nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Estelle Volunteer Fire Co. No. 1 as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Marrero-Estelle Volunteer Fire Co. No. 1's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer for the Marrero-Estelle Volunteer Fire Co. No. 1 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head or chief executive officer for the Marrero-Estelle Volunteer Fire Co. No. 1 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information 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 6, 2019 on our consideration of Marrero-Estelle Volunteer Fire Co. No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Marrero-Estelle Volunteer Fire Co. No. 1's internal control over financial reporting and compliance.



Harvey, Louisiana  
June 6, 2019

FINANCIAL STATEMENTS

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,039,200
Certificates of deposit	273,559
Accrued interest receivable	<u>1,141</u>

Total current assets 2,313,900

OTHER ASSETS:

Property and equipment, net	2,415,150
Insurance deposit	<u>29,722</u>

Total other assets 2,444,872

Total assets \$ 4,758,772

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 38,049
Accrued payables:	
Salaries	55,592
Compensated absences	<u>73,153</u>

Total current liabilities 166,794

NET ASSETS:

Unrestricted	<u>4,591,978</u>
--------------	------------------

Total Liabilities and Net Assets \$ 4,758,772

See accompanying notes to financial statements.



MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted Net Assets</u>
REVENUES:	
Jefferson Parish:	
Fire protection contract	\$ 2,400,000
Fire insurance premium tax	50,816
Insurance dividend (LWCC)	58,356
Interest income	12,980
Dividend income	16,338
Miscellaneous	<u>20,877</u>
Total revenues	<u>2,559,367</u>
EXPENSES:	
Program services - firefighting	2,352,861
Supporting services - management and general	<u>172,089</u>
Total expenses	<u>2,524,950</u>
INCREASE IN UNRESTRICTED NET ASSETS	34,417
NET ASSETS - Beginning of year	<u>4,557,561</u>
NET ASSETS - End of year	\$ <u>4,591,978</u>

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Firefighting</u>	<u>Management and General</u>	
Salaries and wages	\$1,406,528	\$ 65,777	\$1,472,305
Depreciation	212,885	5,308	218,193
Fuel	24,529	-	24,529
Insurance	387,857	16,585	404,442
Miscellaneous	-	21,419	21,419
Office expense	-	7,638	7,638
Payroll taxes	115,273	5,114	120,387
Pension contributions	33,446	1,973	35,419
Professional services	-	21,349	21,349
Repairs and maintenance	66,745	6,674	73,419
Supplies	34,929	-	34,929
Training	11,864	-	11,864
Travel and conferences	6,137	-	6,137
Uniforms	7,591	-	7,591
Utilities and telephone	<u>45,077</u>	<u>20,252</u>	<u>65,329</u>
Total	<u>\$ 2,352,861</u>	<u>\$ 172,089</u>	<u>\$ 2,524,950</u>

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE,  
COMPANY NO. 1

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in unrestricted net assets	\$ 34,417
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	218,193
Increase in accounts and accrued payables	<u>1,527</u>
Net cash provided by operating activities	\$ 254,137
CASH FLOWS FROM INVESTING ACTIVITIES:	
Decrease in investments	903,943
Acquisition of property and equipment	(29,314)
Decrease in interest receivable	449
Increase in insurance deposit	<u>(4,262)</u>
Net cash provided by investing activities	<u>870,816</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,124,953
CASH AND CASH EQUIVALENTS - Beginning of year	<u>914,247</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>2,039,200</u>
SUPPLEMENTAL DISCLOSURES:	
Interest incurred and paid	\$ <u>-0-</u>
Income tax paid	\$ <u>-0-</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

ORGANIZATION

Marrero - Estelle Volunteer Fire Company No. 1 (the Fire Company) was incorporated under the laws of the State of Louisiana on July 25, 1951 to provide fire protection and related services in Jefferson Parish, Louisiana in an area comprising part of Fire Protection District No. 8 (a separate entity) of Jefferson Parish. The Fire Company has three fire stations located in Marrero, Louisiana and has twenty-two full-time paid employees and 15 active volunteer firefighters. The Fire Company's main source of revenue is a fire protection contract with Jefferson Parish which expires December 1, 2027.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Financial Statement Presentation

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

The financial statements are presented in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-For-Profit Organizations. Under this standard, the Fire Company is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2018 the Fire Company had only unrestricted net assets.

The statement of activities presents expenses of the Fire Company's operations functionally between program services for firefighting and administrative and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

2. Contributions and Donated Services

The Fire Company records contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor restrictions.

A significant contribution of time is made by unpaid volunteers to accomplish the purpose for which the Fire Company was established. The value of this donated service is not included in the accompanying financial statements because it is not susceptible to objective measurement or evaluation.

All members of the Board of Directors serve without compensation for their services.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2018

3. Income Tax

The Fire Company is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit organization and accordingly no provision for income taxes is made in the financial statements.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fire Company has defined cash and cash equivalents as cash in banks, money market accounts and certificates of deposit with original maturities of three months or less.

5. Property and Equipment

Acquisitions of property and equipment in excess of \$100 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at acquisition cost, or estimated fair value if donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Building and improvements	10-40 years
Equipment	5-20 years

6. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At December 31, 2018, the aggregate carrying amount of the Fire Company's cash and cash equivalents was \$2,039,200 and the aggregate bank balances were \$2,063,473. All of the Fire Company's bank accounts are in a local bank and are insured by federal deposit insurance of \$250,000 at December 31, 2018. The Fire Company's certificates of deposit are with an investment banker and are fully covered by federal deposit insurance.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2018

C. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment and depreciation activity for the year ended December 31, 2018.

	Balance <u>1/1/18</u>	Additions	Deletions	Balance <u>12/31/18</u>
Land	\$ 153,000	\$ -0-	\$ -0-	\$ 153,000
Building and improvements	1,457,801	-0-	-0-	1,457,801
Equipment	<u>3,344,717</u>	<u>29,313</u>	<u>-0-</u>	<u>3,374,030</u>
Total	<u>4,955,518</u>	<u>29,313</u>	<u>-0-</u>	<u>4,984,831</u>
Less accumulated depreciation:				
Building and improvements	797,700	46,758	-0-	844,458
Equipment	<u>1,553,790</u>	<u>171,435</u>	<u>-0-</u>	<u>1,725,225</u>
Total	<u>2,351,490</u>	<u>218,193</u>	<u>-0-</u>	<u>2,569,683</u>
Net, property and equipment	<u>\$ 2,604,028</u>	<u>\$ (188,880)</u>	<u>\$ -0-</u>	<u>\$ 2,415,148</u>

Fire trucks and some other assets which are being used by the Fire Company in its operations are not included in the above summary because they were purchased by Jefferson Parish with bond money and belong to the Parish.

D. RETIREMENT PLAN

The Fire Company has a SIMPLE IRA Retirement Plan for its employees. The plan is a defined contribution salary reduction plan. Under the Plan, the Fire Company matches the employees' salary contributions to the plan up to a limit of 3% of the employees' compensation for the year. The maximum annual contribution by the employee for 2018 was \$11,500, plus an additional \$2,500 catch-up contribution for those at least age 50. For 2018 the employees' total contributions were \$86,261 and the Fire Company's matched contributions were \$35,419.

E. FIRE PROTECTION CONTRACT

Substantially all of the Fire Company's revenue is derived from funds provided by Jefferson Parish. Under the contract with Jefferson Parish, the Fire Company receives one-third of the net proceeds of the property tax levied annually by Fire Protection District No. 8. The Fire Company also receives from the Parish one-third of the 2% fire insurance premium tax which the Parish receives from the State of Louisiana for Fire Protection District No. 8.

F. CONCENTRATION OF CREDIT RISK

The Fire Company's income is derived principally from the proceeds of a property tax and other funding under a contract with Jefferson Parish to support fire protection and related services.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2018

G. SUPPLEMENTAL PAY

The Fire Company's full-time firefighters receive supplemental pay from the State of Louisiana. These payments are made directly to the firefighters and do not pass through the Fire Company and are not included in the Fire Company's financial statements, except for the employer's share of the social security and medicare tax which is borne by the Fire Company.

H. EVALUATION OF SUBSEQUENT EVENTS

The Fire Company's management evaluated events occurring subsequent to the date of the financial statements to determine the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 6, 2019 which is the date the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements.



OTHER SUPPLEMENTAL INFORMATION

MARRERO-ESTELLE VOLUNTEER FIRE CO. NO. 1

Marrero, Louisiana

Schedule of Compensation, Benefits, and Other Payments to  
Agency Head or Chief Executive Officer

For the Year Ended December 31, 2018

**Agency Head Name: Blake Hunter**

**Purpose**

Salary	\$	-0-
Benefits – insurance		-0-
Benefits – retirement		-0-
Benefits – other (match deferred comp)		-0-
Car allowance		-0-
Vehicle provided by government		-0-
Per diem		-0-
Reimbursements – cell phones, tolls, car rental		-0-
Travel		-0-
Registration fees		-0-
Conference travel		-0-
Continuing professional education fees		-0-
Housing		-0-
Unvouchered expenses		-0-
Meals		-0-
	\$	<u>-0-</u>

## INTERNAL CONTROL AND COMPLIANCE

# UZEE, BUTLER, ARCENEUX & BOWES

CERTIFIED PUBLIC ACCOUNTANTS  
2067 PAXTON STREET  
HARVEY, LOUISIANA 70058

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**SOCIETY OF LOUISIANA**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To Board of Directors of  
Marrero-Estelle Volunteer Fire Co. No. 1  
Marrero, 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 Marrero-Estelle Volunteer Fire Company No. 1 (a Louisiana nonprofit corporation), which comprise the statement of financial position as December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marrero-Estelle Volunteer Fire Company No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marrero-Estelle Volunteer Fire Company No. 1'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings, that we consider to be significant deficiencies in internal control over financial reporting. Material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marrero-Estelle Volunteer Fire Company No. 1'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 determination of financial statement amounts. 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance.

This report is intended solely for the information and use of management, the Board of Directors and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 25.513, this report is distributed by the Legislative Auditor as a public document.



Harvey, Louisiana  
June 6, 2019

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

Schedule of Findings  
Year Ended December 31, 2018

SUMMARY OF AUDITOR'S REPORTS

1. The opinion issued on our audit of the financial statements of Marrero-Estelle Volunteer Fire Co. No. 1 for the year ended December 31, 2018 is unqualified.
2. Internal Control:  
Significant deficiencies: 2018-01, 2018-02  
No material weaknesses were noted
3. Compliance and other matters:  
No instances of noncompliance material to the financial statements were noted.

FINANCIAL STATEMENT FINDINGS

**2018-01 – Year-End Journal Entries**

Condition and Criteria

The Fire Company maintains its books on the cash basis of accounting. Therefore, journal entries were required as part of the audit for financial statement misstatements related to accruals and property and equipment accounts. 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) 115 requires that we 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. The Fire Company has relied on its auditor to identify and correct such financial statement misstatements.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115'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 115. In this case, 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

Management believes that it is more prudent to use the services of its auditor to prepare the year-end journal entries and agrees with the auditor's recommendations.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

Schedule of Findings - Continued  
Year Ended December 31, 2018

**2018-02 – Preparation of Financial Statements**

Condition and Criteria

The Fire Company does not have any personnel with the technical ability to prepare its financial statements in accordance with generally accepted accounting principles. As is common in small organizations, the Fire Company 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 on Auditing Standards (SAS) 115 requires that we 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 115'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 115. In this case, 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

Management believes that it is more prudent to use the services of its auditor to prepare its annual financial statements and agrees with auditor's recommendation.

MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

Schedule of Prior Year Audit Findings  
Year Ended December 31, 2018

SUMMARY OF AUDITOR'S REPORTS

FINANCIAL STATEMENT FINDINGS

**2017-01 – Year-End Journal Entries**

Condition and Criteria

The Fire Company maintains its books on the cash basis of accounting. Therefore, journal entries were required as part of the audit for financial statement misstatements related to accruals and property and equipment accounts. 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) 115 requires that we 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. The Fire Company has relied on its auditor to identify and correct such financial statement misstatements.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115'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 115. In this case, 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

Management believes that it is more prudent to use the services of its auditor to prepare the year-end journal entries and agrees with the auditor's recommendations.



MARRERO - ESTELLE VOLUNTEER FIRE  
COMPANY NO. 1

Schedule of Prior Year Audit Findings - Continued  
Year Ended December 31, 2018

**2017-02 – Preparation of Financial Statements**

Condition and Criteria

The Fire Company does not have any personnel with the technical ability to prepare its financial statements in accordance with generally accepted accounting principles. As is common in small organizations, the Fire Company 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 on Auditing Standards (SAS) 115 requires that we 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 115'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 115. In this case, 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

Management believes that it is more prudent to use the services of its auditor to prepare its annual financial statements and agrees with auditor's recommendation.