

**LIVE OAK MANOR VOLUNTEER
FIRE COMPANY, INC.**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2003

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

Release Date 8/18/04

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Live Oak Manor Volunteer Fire Company, Inc.

We have audited the accompanying general purpose financial statements of Live Oak Manor Volunteer Fire Company, Inc. (a non-profit organization) as of and for the year ended December 31, 2003. These general purpose financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the General Fixed Asset Group have not been audited due to a lack of sufficient financial records supporting the balances in this account group. The financial statements of the General Fixed Asset Account Group are included in these financial statements on page 2.

In our opinion, except for the effects of such adjustments that might have been determined to be necessary had the General Fixed Asset Account Group been audited, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Live Oak Manor Volunteer Fire Company, Inc. as of December 31, 2003 and the results of its operations and its changes in fund balance for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2004 on our consideration of the Live Oak Manor Volunteer Fire Company Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Gretna, Louisiana
July 28, 2004

FINANCIAL STATEMENTS

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
 COMBINED BALANCE SHEET
 GOVERNMENT FUND TYPES AND ACCOUNT GROUP
 DECEMBER 31, 2003**

	<u>GOVERNMENTAL</u>			<u>TOTAL</u>
	<u>FUND TYPE</u>	<u>ACCOUNT GROUP</u>		
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	<u>ONLY</u>
ASSETS				
Cash and cash equivalents	\$ 148,106	\$ -	\$ -	\$ 148,106
Prepaid expenses	6,410	-	-	6,410
Fixed assets	-	637,121	-	637,121
Amounts to be provided for retirement of long term debt	-	-	37,842	37,842
TOTAL ASSETS	<u>\$ 154,516</u>	<u>\$ 637,121</u>	<u>\$ 37,842</u>	<u>\$ 829,479</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Long term debt	-	-	37,842	37,842
TOTAL LIABILITIES	-	-	37,842	37,842
Fund Balance				
Undesignated - unreserved	154,516	-	-	154,516
Investment in fixed assets	-	637,121	-	637,121
TOTAL FUND BALANCE	<u>154,516</u>	<u>637,121</u>	<u>-</u>	<u>791,637</u>
FUND BALANCE	<u>\$ 154,516</u>	<u>\$ 637,121</u>	<u>\$ 37,842</u>	<u>\$ 829,479</u>

The accompanying notes and report are an integral part of this statement

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

REVENUES

Jefferson Parish	\$ 414,000
State insurance rebate	10,275
Jefferson Parish - Councilman's Subsidy	3,000
Interest income	362
Miscellaneous	<u>40,784</u>
TOTAL REVENUES	468,421

EXPENDITURES

Personnel Cost	256,982
Vehicular cost	24,057
Building cost	31,853
Firefighting cost	26,782
Administration cost	26,717
Miscellaneous cost	11,561
Debt service	19,596
Capital expenditures	
Furniture & fixtures	17,032
Fire fighting equipment	<u>16,895</u>
TOTAL EXPENDITURES	<u>431,475</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

36,946

FUND BALANCE:

AT BEGINNING OF YEAR	<u>117,570</u>
AT END OF YEAR	<u><u>\$ 154,516</u></u>

The accompanying notes and report are an integral part of this statement

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFIANT
ACCOUNTING POLICIES:**

DESCRIPTION OF ACTIVITIES

Live Oak Manor Volunteer Fire Company, Inc. (a non-profit organization) was established to provide fire fighting to a prescribed sector of the 7th Fire District, Parish of Jefferson.

Because the Live Oak Manor Volunteer Fire Company, Inc. received the vast majority of its financial support from the Parish of Jefferson to provide a public service, it is considered a quasi-public entity for financial reporting purposes. Accordingly, the accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies applied in the preparation of the accompanying general purpose financial statements are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements present information only on the funds maintained by Live Oak Manor Volunteer Fire Company, Inc. Control is based on application of the criteria established by the GASB for determining the reporting entity. The basic criterion, but not the only, is the ability to exercise oversight responsibility. Oversight responsibility is derived from, among other things, the ability to significantly influence operations. Based on the foregoing criteria, there are no component units, which have been combined with the Live Oak Manor Volunteer Fire Company, Inc. to form the reporting entity, nor are there any potential component units, which should be combined with the Live Oak Manor Volunteer Fire Company, Inc. to form the reporting entity.

FUND ACCOUNTING

For financial reporting, the accounts of the Live Oak Manor Volunteer Fire Company, Inc. are organized on a fund and account group basis, each of which is considered a separate accounting entity, with a separate set of self-balancing accounts which comprise the assets, liabilities, fund equity, revenues and expenditures.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES: (Continued)**

BASIS OF ACCOUNTING

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

REVENUES

Live Oak Manor Volunteer Fire Company, Inc. received a majority of its revenues through monthly payments on a contract with the Parish of Jefferson to provide fire-fighting services. These revenues are recorded in the period when they are received. Other revenues are reported in the period in which they are earned.

EXPENDITURES

Expenditures are recognized when the related liability is incurred.

BUDGET

The Live Oak Manor Volunteer Fire Company, Inc. is not legally required to adopt a budget and, therefore, is not presented in the accompanying financial statements.

COMPENSATED ABSENCES

Employees of Live Oak Manor Volunteer Fire Company, Inc. earn vacation leave for each bi-weekly pay period worked for a total of 104 to 156 hours per year depending on length of service. An employee may accumulate from 96 to 360 hours vacation leave, which can be carried over to successive years.

Sick leave is provided by Live Oak Manor Volunteer Fire Company, Inc. but is non-cumulative and the employee's right to unused sick leave is not vested.

The cost of leave privileges is recognized as current year expenditure in the general fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES: (Continued)**

FIXED ASSETS

Fixed assets purchased are recorded as expenditures in the General Fund at time of purchase. Such assets are capitalized at cost in the annual fixed asset group. Depreciation has not been provided on general fixed assets.

LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term account group.

TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the combined balance sheet is captioned "memorandum only" to indicate that this information is presented only to facilitate financial analysis. Data in the total column does not present financial position in conformity with generally accepted accounting principles.

NOTE 2 - CASH

At December 31, 2003, the carrying amount of the Live Oak Manor Volunteer Fire Company, Inc. bank account was \$148,106. The bank balance was \$150,003 of which \$150,003 was covered by federal depository insurance. Even though the deposits covered by pledge securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Live Oak Manor Volunteer Fire Company, Inc. that the fiscal agent has failed to pay deposited funds upon demand.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the year ended December 31, 2003.

	<u>Balance</u> <u>January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2003</u>
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Fire Fighting Equipment	619,789	21,179	19,295	621,673
Furniture & Fixture	-	12,748	-	12,748
TOTAL	\$ 622,489	\$ 33,927	\$ 19,295	\$ 637,121

NOTE 4 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in the Long-Term Debt Account Group during the year ended December 31, 2003.

	<u>Balance</u> <u>January 1, 2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2003</u>
General Debt				
Compensated absences	\$ -	\$ 19,308	\$ -	\$ 19,308
Lease	36,064	-	17,530	18,534
TOTAL	\$ 36,064	\$ 19,308	\$ 17,530	\$ 37,842

The lease, with La Salle National Bank – Chicago, IL, dated November 25, 1996 in the original amount of \$123,000 at 5.73%, is an 8 year note with payments being made once a year. The proceeds of the loan was used to purchase a new pumper fire truck. There is one payment remaining of \$18,534 plus interest of \$1,062.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 5 – LITIGATION AND CLAIMS

The Company is a defendant in a lawsuit by current and former firefighters claiming back pay for vacations, minimum salaries, statutory increases and other claims. Live Oak Manor Volunteer Fire Company, Inc. has paid the judgment, but plaintiffs have appealed the one issue on which the Company prevailed. The appeal is still pending with potential exposure not to exceed \$30,000. No provision has been made to reserve fund balance for this claim.

COMPLIANCE AND INTERNAL CONTROL SECTION

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Live Oak Manor Volunteer Fire Company, Inc.

We have audited the general purpose financial statements of the Live Oak Manor Volunteer Fire Company, Inc. (a non-profit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated July 28, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Live Oak Manor Volunteer Fire Company, Inc. general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questions costs in items 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control

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components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the Live Oak Manor Volunteer Fire Company Inc.'s management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

July 28, 2004

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

We have audited the general purpose financial statements of the Live Oak Manor Volunteer Fire Company, Inc. as of and for the year ended 2003 and have issued our report thereon dated July 28, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

A. Issues of Non Compliance

Finding 2003-1 Late filing of Financial Statements - The Company did not comply with state law, which requires financial statements to be completed prior to six months from the Company's fiscal year end.

Management's Response:

Management feels a major contributing factor to the lateness of the report is a late start on the audit, the primary cause of which is the late engagement of an independent accountant to complete the final six months of accounting and to close the Company's books. Engagement of an independent accountant was required when the Company's former accountant retired. The Company assumes full responsibility for the delay in engaging a new accountant. Management has hired a competent independent accountant to complete year-end procedures in a timely fashion for future accounting periods.

Finding 2003-2 Fixed Asset Accounting - The Company has not inventoried fixed assets acquired in several years.

Management's Response:

Management will complete the inventory of fixed assets and integrate these values into its financial records.

B. Reportable Conditions

None

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Section I Internal Control and Compliance Material to the Financial Statements

None

Section II Management Letter

None

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
MANAGEMENT CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2003**

Section I Internal Control and Compliance Material to the Financial Statements

See Finding 2003-1 in the "Schedule of Findings and Question Costs" at Page 11 of this report.

See Finding 2003-2 in the "Schedule of Findings and Question Costs" at Page 11 of this report.

Section II Management Letter

None

Live Oak Manor Volunteer Fire Department

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July 30, 2004

Mr. Steve Theriot, CPA
Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The following outlines the action to be taken by the Live Oak Manor Volunteer Fire Company, Inc. the "Schedule of Findings and Questioned Cost" addressed to you by our auditor, Camnetar & Co., CPAs (APAC), in their report dated July 28, 2004.

MANAGEMENT COMMENTS

2003-1 – Late Filing of Financial Statements

I agree with the finding and have hired a competent independent accountant to complete timely financial statements.

2003-2 – Fixed Asset Accounting

I agree that we have not inventoried fixed assets in several years. We will complete the inventory of fixed assets to update the financial statements.



8-12-04

Mathew Cervini
President