

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

YEAR ENDED DECEMBER 31, 2016

Camnetar & Co., CPAs
a professional accounting corporation

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Live Oak Manor Volunteer Fire Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 Live Oak Manor Volunteer Fire Company, Inc. as of December 31, 2016, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 28, 2018, on our consideration of the Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

June 28, 2018

FINANCIAL STATEMENTS

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	733,207
Due from Jefferson Parish		<u>35,694</u>

Total current assets 768,901

PROPERTY, PLANT AND EQUIPMENT, (NET) 96,724

OTHER ASSETS

Due from Jefferson Parish	36,774
Other Investment-Cash value of Life Insurance	<u>160,000</u>

Total other assets 196,774

TOTAL ASSETS \$ 1,062,399

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$	17,093
Accrued liabilities		<u>10,512</u>

Total current liabilities 27,605

LONG-TERM LIABILITIES

Note payable	<u>36,774</u>
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Total long-term liabilities 36,774

NET ASSETS

Unrestricted	<u>998,020</u>
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Total net assets 998,020

TOTAL LIABILITIES AND NET ASSETS \$ 1,062,399

The accompanying notes are an integral part of these financial statements.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED NET ASSETS	
REVENUE	
Jefferson Parish	\$ 755,508
State insurance rebates	16,371
State supplemental pay	53,700
Miscellaneous	27,538
Interest	<u>463</u>
Total revenue	853,580
EXPENSES	
Administrative	15,458
Firefighting	<u>727,788</u>
Total expenses	<u>743,246</u>
INCREASE IN UNRESTRICTED NET ASSETS	110,334
NET ASSETS-BEGINNING OF YEAR	<u>887,686</u>
NET ASSETS - END OF YEAR	<u>\$ 998,020</u>

The accompanying notes are an integral part of these financial statements.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 110,334
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	22,200
Decrease in receivables	(3,482)
Increase in accrued liabilities	<u>9,750</u>
Net cash provided by operating activities	138,802
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases/dispositions of property and equipment	(3,435)
Purchases of investment-cash value of life insurance	<u>-</u>
Net cash used in investing activities	(3,435)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of note payable	<u>(16,285)</u>
Net cash used in financing activities	(16,285)
NET DECREASE IN CASH AND CASH EQUIVALENTS	119,082
CASH AND CASH EQUIVALENTS - beginning of year	<u>614,125</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 733,207</u>

The accompanying notes are an integral part of these financial statements.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ACTIVITIES

Live Oak Manor Volunteer Fire Company, Inc. (a non-profit organization) was established to provide firefighting to a prescribed sector of the 7th Fire District, Parish of Jefferson. Live Oak Manor Volunteer Fire Company, Inc. received the vast majority of its financial support from the Parish of Jefferson.

A summary of the Live Oak Manor Volunteer Fire Company, Inc.'s significant accounting policies applied in the preparation of the accompanying financial statements follows.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets and a statement of cash flows is required. As of December 31, 2016, Live Oak Manor Volunteer Fire Company, Inc. had only unrestricted net assets.

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

COMPENSATED ABSENCES

A liability has not been recorded for accumulated vacation or sick leave because it is nonvesting.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of building improvements, fire and office equipment, and furniture and fixtures with a useful life greater than 1 year are capitalized and carried at cost or estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's firefighting activities.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

INCOME TAXES

The fire company is exempt from income taxes under Internal Revenue Code section 501(c) (4) as a nonprofit organization and thus these financial statements contain no provision for income taxes.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS UNDER FASB ASC 740-10

Accounting standards provide detail guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in a company's financial statements. Under accounting standards, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated its significant tax position against certain criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company's federal and state tax returns are subject to examination by taxing authorities for the years ended December 31, 2016, 2015, and 2014.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

INVESTMENTS

Investment-cash value life insurance is recorded at policy's surrender value.

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:	
Interest	\$3,482
Taxes	-

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses during the reporting period. Actual results could differ from those estimates.

ON-BEHALF PAYMENTS

Supplemental pay which is paid directly to employees of Live Oak Manor Volunteer Fire Company by the State of Louisiana, Department of Public Safety, is recognized as revenue and salary expenses in the year in which paid. For the year ended December 31, 2016, the amount recognized as revenue and expenses was \$53,700.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 2 - CASH AND CASH EQUIVALENTS

Following is a schedule of cash balances in financial institutions for the year ended 12/31/2016:

	Balance 12/31/16
Capital One Bank:	
Checking	\$296,187
Savings	<u>437,020</u>
	<u>\$733,207</u>

Concentrations of Credit Risk – For the year December 31, 2016 cash balances were maintained in several financial institutions located in New Orleans area. The bank balances were \$ 754,159 of which \$691,488 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$62,671 was uninsured.

NOTE 3 – DUE FROM JEFFERSON PARISH

The organization is obligated on a lease purchase agreement for a fire truck owned by the Jefferson Parish Government as described in Note 6. The amount reflected as Due from Jefferson Parish is the obligation by the parish to fund these lease payments and is reflected as follows:

Due from Jefferson Parish	
Current Assets	\$ 35,694
Other Assets	\$ 36,774

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in the Property, Plant and Equipment during the year ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Fire Fighting Equipment	737,195	1,437	-	738,632
Building & Improvements	60,609	-	-	60,609
Furniture & Fixtures	<u>64,457</u>	<u>1,998</u>	-	<u>66,455</u>
	864,961	3,435	-	868,396
Less				
Accumulated Depreciation	<u>749,472</u>	<u>22,200</u>	-	<u>771,672</u>
Net Property, Plant and Equipment	<u>\$ 115,489</u>	<u>\$ (18,765)</u>	<u>\$ -</u>	<u>\$ 96,724</u>

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense for the year ended December 31, 2016 was \$22,200.

Property and equipment does not include fire trucks donated by the Fire Department to Jefferson Parish. The Fire Department receives subsidies from Jefferson Parish for the purchase of fire trucks, which the Fire Department donated back to the Parish.

NOTE 5 – OTHER INVESTMENTS-CASH VALUE OF LIFE INSURANCE

The Organization purchased a single premium deferred annuity contract that covers the life of a key officer of which the organization is the beneficiary. This contract has a cash surrender value. The cash value of \$160,000 was reported to the organization by the insurance carrier as of December 31, 2016.

NOTE 6 – NOTE PAYABLE

The Organization incurred debt on the acquisition of a new fire truck in the year ended December 31, 2010. Although the organization does not retain legal title to this asset it is obligated under a lease purchase agreement with Government Capital Corporation dated July 26, 2010 requiring annual payments of \$19,767 over a ten-year period at an interest rate of 4.9%. This annual obligation is funded through the Jefferson Parish Government and is reflected as an asset (Due from Jefferson Parish) on the organization’s Statement of Financial Position.

The annual requirements to amortize all notes outstanding at December 31, 2015 are as follows:

<u>Period Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	17,094	2,673	19,767
2018	17,941	1,825	19,766
2019	18,832	935	19,767
Totals	<u>\$ 53,867</u>	<u>\$ 5,433</u>	<u>\$ 59,300</u>

NOTE 7 – CONCENTRATION OF SUPPORT

Substantially all of the Organization’s public support is derived from funds provided by Jefferson Parish. The Organization has a contract with Jefferson Parish under which the Organization’s revenues amounted to \$755,508. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

NOTE 8 – DATE OF MANAGEMENT’S REVIEW

The Organization has evaluated subsequent events through June 28, 2018 the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
Year Ended December 31, 2016

Agency Head Name: Elvis Smith

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits- Insurance	-
Benefits- Retirement	-
Benefits- other (phone allowance)	-
Travel and dues	-
Registration fees	-
Conference Travel	-
	<u>\$ -</u>

COMPLIANCE AND INTERNAL CONTROL SECTION

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Live Oak Manor Volunteer Fire Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting (internal control) 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 Live Oak Manor Volunteer Fire Company, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 the 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, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as item 2016-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Live Oak Manor Volunteer Fire Company, Inc.'s financial statements are free from 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 results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2016-1.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Accordingly, this communication is not suitable for any other purpose.

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

June 28, 2018

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

B. Significant Deficiencies

Finding 2016-2 Preparation of Financial Statements by Auditor – The Company does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organization, the 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.

Statement of Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. SAS 115 does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary.

Management's Response:

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

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016**

Section I Internal Control and Compliance Material to the Financial Statements

2016-1 See Section II Financial Statement Findings Issue of Noncompliance Management Response's P. 13

2016-2 See Section II Preparation of Financial Statements by Auditor Management Response's P. 14

Section II Management Letter

NONE