

REPORT  
HARVEY VOLUNTEER FIRE COMPANY NO. 2  
DECEMBER 31, 2013 AND 2012

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 AUG 27 2014

HARVEY VOLUNTEER FIRE COMPANY NO. 2

REPORT INDEX

DECEMBER 31, 2013 AND 2012

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 -2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5 -6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 14
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	15 - 16
SCHEDULE OF CURRENT YEAR FINDINGS.....	17
STATUS OF PRIOR YEAR FINDINGS.....	18



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
GUY L. DUPLANTIER, C.P.A.  
MICHELLE H. CUNNINGHAM, C.P.A.  
DENNIS W. DILLON, C.P.A.  
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVIICH, C.P.A.  
TERRI L. KITTO, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.  
DAVID A. BURGARD, C.P.A.  
CLIFFORD J. GIFFIN, Jr., CPA

A.J. DUPLANTIER JR, C.P.A. (1919-1985)  
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)  
WILLIAM R. HOGAN, JR., CPA (1920-1996)  
JAMES MAHER, JR, C.P.A. (1921-1999)

## INDEPENDENT AUDITOR'S REPORT

June 11, 2014

Board of Directors  
Harvey Volunteer Fire Company No. 2  
P. O. Box 1053  
Harvey, Louisiana 70059

### *Report on Financial Statements*

We have audited the accompanying statements of financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana nonprofit organization) which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of material misstatement.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888  
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940  
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833  
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941  
[www.dhmcpc.com](http://www.dhmcpc.com)

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 risks 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 organization'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 Harvey Volunteer Fire Company No. 2 as of December 31, 2013 and 2012, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014 on our consideration of Harvey Volunteer Fire Company No. 2'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 Harvey Volunteer Fire Company No. 2's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Notes 1 and 2)	\$ 2,953,672	\$ 2,304,924
Certificates of deposit (Note 3)	91,757	81,485
Prepaid insurance	18,086	14,527
<b>Total current assets</b>	<u>3,063,515</u>	<u>2,400,936</u>
<b>PROPERTY, PLANT AND EQUIPMENT: (Notes 1 and 4)</b>		
Land and land improvements	73,787	73,787
Furniture and fixtures	157,949	146,718
Autos and trucks	415,645	388,140
Equipment	2,693,805	2,692,105
Building improvements	943,644	825,754
Construction in progress	35,000	-
<b>Total</b>	<u>4,319,830</u>	<u>4,126,504</u>
Less: Accumulated depreciation	<u>3,159,770</u>	<u>2,961,593</u>
<b>Net property, plant and equipment</b>	<u>1,160,060</u>	<u>1,164,911</u>
<b>OTHER ASSETS:</b>		
Certificate of deposit (Note 3)	<u>28,095</u>	<u>27,612</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,251,670</u>	<u>\$ 3,593,459</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 45,993	\$ 6,600
Salaries payable	20,310	58,934
Other payables	7,958	-
Insurance claims payable (Note 5)	4,159	6,323
<b>Total current liabilities</b>	<u>78,420</u>	<u>71,857</u>
<b>NET ASSETS:</b>		
Unrestricted	<u>4,173,250</u>	<u>3,521,602</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,251,670</u>	<u>\$ 3,593,459</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS:		
UNRESTRICTED REVENUES:		
Contract revenue: (Note 1)		
Jefferson Parish millage	\$ 3,300,000	\$ 3,120,000
Insurance rebate	102,539	89,134
FEMA grant income	32,273	-
Fundraising	2,048	2,373
Interest	3,116	1,799
Rental (Note 12)	6,000	6,000
Insurance proceeds	93,778	-
Other	14,490	41,583
Total unrestricted revenues	<u>3,554,244</u>	<u>3,260,889</u>
EXPENSES: (Pages 5 and 6)		
Program services:		
Firefighting services	2,745,083	2,876,666
Supporting activities:		
General and administrative	151,937	169,721
Fundraising	5,576	17,807
Total expenses	<u>2,902,596</u>	<u>3,064,194</u>
CHANGE IN UNRESTRICTED NET ASSETS	651,648	196,695
Net assets, beginning of year	<u>3,521,602</u>	<u>3,324,907</u>
NET ASSETS, END OF YEAR	<u>\$ 4,173,250</u>	<u>\$ 3,521,602</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Supporting Activities		Total
	Firefighting Services	General and Administrative	Fundraising	
EXPENSES:				
Accounting and legal	\$ -	\$ 15,418	\$ -	\$ 15,418
Bank charges	-	-	-	-
Convention, seminars and classes	21,168	-	-	21,168
Copy machine	-	1,695	-	1,695
Depreciation	188,268	9,909	-	198,177
Dues and subscriptions	3,737	-	-	3,737
Meals and entertainment	1,318	-	-	1,318
Fire equipment	18,211	-	-	18,211
Fuel	53,192	-	-	53,192
Public fire education	-	-	5,576	5,576
Gifts and flowers	-	75	-	75
Insurance	556,805	29,306	-	586,111
Loss on disposal of equipment	-	-	-	-
Medical supplies	3,141	-	-	3,141
Miscellaneous	17,258	-	-	17,258
Office supplies	-	8,176	-	8,176
Payroll processing	14,448	760	-	15,208
Payroll taxes	116,253	6,119	-	122,372
Postage	1,893	100	-	1,993
Promotional	-	1,705	-	1,705
Repairs and maintenance	104,663	-	-	104,663
Radio	8,333	-	-	8,333
Retirement	61,389	3,231	-	64,620
Salaries	1,351,842	71,150	-	1,422,992
Telephone and utilities	81,573	4,293	-	85,866
Uniforms	13,070	-	-	13,070
Vehicle repairs	128,521	-	-	128,521
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENSES	\$ <u>2,745,083</u>	\$ <u>151,937</u>	\$ <u>5,576</u>	\$ <u>2,902,596</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program			Total
	Services	Supporting Activities		
	Firefighting	General and	Fundraising	
	<u>Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 21,566	\$ -	\$ 21,566
Bank charges	-	333	-	333
Convention, seminars and classes	37,322	-	-	37,322
Copy machine	-	2,328	-	2,328
Depreciation	216,315	11,385	-	227,700
Dues and subscriptions	6,862	-	-	6,862
Meals and entertainment	866	-	-	866
Fire equipment	33,922	-	-	33,922
Fuel	60,349	-	-	60,349
Public fire education	-	-	17,807	17,807
Gifts and flowers	-	931	-	931
Insurance	549,250	28,908	-	578,158
Loss on disposal of equipment	2,092	110	-	2,202
Medical supplies	7,581	-	-	7,581
Miscellaneous	13,239	-	-	13,239
Office supplies	-	17,000	-	17,000
Payroll processing	19,627	1,033	-	20,660
Payroll taxes	111,965	5,893	-	117,858
Postage	1,693	89	-	1,782
Promotional	-	2,065	-	2,065
Repairs and maintenance	162,307	-	-	162,307
Radio	11,613	-	-	11,613
Retirement	53,339	2,807	-	56,146
Salaries	1,363,715	71,774	-	1,435,489
Telephone and utilities	66,482	3,499	-	69,981
Uniforms	13,857	-	-	13,857
Vehicle repairs	144,270	-	-	144,270
<b>TOTAL EXPENSES</b>	<b>\$ <u>2,876,666</u></b>	<b>\$ <u>169,721</u></b>	<b>\$ <u>17,807</u></b>	<b>\$ <u>3,064,194</u></b>

See accompanying notes.



HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 651,648	\$ 196,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	198,177	227,700
Loss on disposal of equipment	-	2,202
Interest earned on and reinvested in certificate of deposit	(755)	(895)
Increase in prepaid expenses	(3,559)	(14,527)
Increase (decrease) in salaries payable	(38,624)	20,274
Increase (decrease) in accounts payable	39,393	(14,686)
Decrease in insurance claims payable	(2,164)	(2,241)
Increase (decrease) in other payables	7,958	(1,086)
Net cash provided by operating activities	<u>852,074</u>	<u>413,436</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(193,327)	(94,492)
Purchase of certificate of deposit	<u>(10,000)</u>	-
Net cash used in investing activities	<u>(203,327)</u>	<u>(94,492)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>648,747</b>	<b>318,944</b>
Cash and cash equivalents at beginning of year	<u>2,304,925</u>	<u>1,985,981</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>2,953,672</u></b>	<b>\$ <u>2,304,925</u></b>
<b>NON CASH INVESTING ACTIVITIES:</b>		
Interest earned on and reinvested in certificate of deposit	<u>755</u>	<u>895</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

ORGANIZATION:

Harvey Volunteer Fire Company No. 2 (the Company) was organized on July 8, 1948 to provide the citizens in the Sixth Fire Protection District with fire protection and related services. The Company is under a ten (10) year contract that was adopted by the Jefferson Parish Council with Resolution Number 101713 on August 11, 2004. The contract is effective for the period April 1, 2004 through March 31, 2014, with Jefferson Parish to provide fire protection to the Sixth Fire Protection District. The majority of the Company's revenue is derived from this contract. The Company responds to emergencies such as floods and hurricanes. The Company maintains four (4) fire stations and has approximately thirty (30) paid employees and thirty (30) volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Company'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.

The Company 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. As of December 31, 2013 and 2012, the Company had only unrestricted net assets.

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

Contributions:

The Company records contributions based upon FASB ASC 605-10, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 605-10, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services:

The value of donated services is recognized in the financial statements if the services require specialized skills, are provided by persons possessing those skills and the services would be purchased if they were not donated. The Company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased by the Company or Jefferson Parish if the services were not provided by volunteers.

No amounts have been reflected in the financial statements for donated services. Donated services were not recorded because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time to the Company's program services.

All members of the Board of Directors serve without compensation.

Revenue:

Under the contract with Jefferson Parish, the Parish pays the Company monthly installments, which represent the net proceeds of millage levied annually on the assessed valuation of property in the Sixth Fire Protection District.

The Jefferson Parish Millage Assessment allocated to the Sixth Fire Protection District is 25 mills which was renewed in the 2009 election. The amount received and used for operations was \$3,300,000 and \$3,120,000 for 2013 and 2012, respectively.

In addition, revenue is received from insurance rebates annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$102,539 and \$89,134 for 2013 and 2012, respectively.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Company considers cash in operating bank accounts, demand deposits, cash on hand, and all highly-liquid investments with original maturity of three months or less as cash and cash equivalents.

Supplemental Disclosures of Cash Flow Information:

	<u>2013</u>	<u>2012</u>
Cash paid during the year for:		
Interest	\$ --	\$ --
Taxes	--	--

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property, Plant and Equipment:

Acquisitions of property and equipment in excess of \$1,000 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 contributed. 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:

Autos and Trucks	5 - 7 years
Furniture and fixtures	5 - 15 years
Firefighting and rescue equipment	5 - 10 years
Improvements	5 - 39 years

Vacation and Sick Leave:

Each full-time operator earns vacation leave as follows:

<u>Years Completed</u>	<u>Days</u>
1 - 9 years	18 days
Over 9 years	19 - 30 days

Employees earn 1 day of additional vacation leave for each year over 9 years up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

<u>Years Completed</u>	<u>Days</u>
1 year	1 week
2 - 6 years	2 weeks
7 - 12 years	3 weeks
13 - 15 years	4 weeks
Over 15 years	5 weeks

Vacation leave cannot be carried forward to the next year. All must be used within the current calendar year.

There is no accrual of sick leave and no buyback program.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

2. CASH AND CASH EQUIVALENTS:

	Rate of Interest <u>2013</u>	Reconciled Balance December <u>31, 2013</u>	Rate of Interest <u>2012</u>	Reconciled Balance December <u>31, 2012</u>
Petty cash	--	\$ 250	--	\$ 237
Whitney National Bank:				
Operating	--	--	--	5,244
Payroll	--	--	--	58,407
Fund raising	--	--	--	579
General fund	--	--	--	61,840
Insurance disbursement	--	--	--	13,268
Fidelity Homestead Bank:				
General operating fund	--	920,803	--	567,982
Payroll fund	--	118,079	--	157,742
Private fund	--	18,167	--	24,828
Insurance disbursement fund	--	12,359	--	14,499
Cash – Savings:				
Whitney National Bank - Hospitalization	--	--	.02%	47,519
Whitney National Bank - Harvey #2	--	--	.02%	132,001
Whitney National Bank - Sixth District	--	--	.02%	44,811
Fidelity Homestead Bank - Hospitalization	.15%	181,109	.15%	100,098
Fidelity Homestead Bank - Savings	.15%	<u>1,702,905</u>	.15%	<u>1,075,869</u>
		<u>\$ 2,953,672</u>		<u>\$ 2,304,924</u>

Concentrations of Credit Risk:

For the years ended December 31, 2013 and 2012 cash balances were maintained in financial institutions located in the New Orleans area. The balances in all cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The funds in noninterest-bearing accounts were fully insured through December 31, 2012. At December 31, 2013 and 2012, the uninsured bank balances totaled \$2,715,236 and \$925,967, respectively.

3. CERTIFICATES OF DEPOSIT:

The Company had the following certificates of deposit as of December 31, 2013 and 2012:

	<u>Maturity</u>	Rate of Interest <u>2013</u>	<u>2013</u>	<u>Maturity</u>	Rate of Interest <u>2012</u>	<u>2012</u>
Certificate of deposit	07/23/14	0.300%	\$ 16,690	07/24/13	0.300%	\$ 16,636
Certificate of deposit	08/16/14	0.500%	9,168	08/16/13	0.747%	9,129
Certificate of deposit	07/18/14	0.300%	32,788	07/20/13	0.300%	32,690
Certificate of deposit	05/26/14	0.300%	23,099	05/27/13	0.399%	23,030
Certificate of deposit	08/07/14	0.300%	<u>10,012</u>	--	--	--
Total current			91,757			81,485
Total non-current	03/05/17	1.750%	<u>28,095</u>	--	--	<u>27,612</u>
Total			<u>\$ 119,852</u>			<u>\$ 109,097</u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

4. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2013:

	Balance <u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/13</u>
Land and land improvements	\$ 73,787	\$ --	\$ --	\$ 73,787
Furniture and fixtures	146,718	11,231	--	157,949
Auto and trucks	388,140	27,505	--	415,645
Equipment	2,692,105	1,700	--	2,693,805
Building improvements	825,754	117,890	--	943,644
Construction in progress	<u>--</u>	<u>35,000</u>	<u>--</u>	<u>35,000</u>
	4,126,504	193,326	--	4,319,830
Accumulated depreciation	<u>(2,961,593)</u>	<u>(198,177)</u>	<u>--</u>	<u>(3,159,770)</u>
Net property and equipment	<u>\$ 1,164,911</u>	<u>\$ (4,851)</u>	<u>\$ --</u>	<u>\$ 1,160,060</u>

Depreciation expense totaled \$198,177 for the year ended December 31, 2013.

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2012:

	Balance <u>01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/12</u>
Land and land improvements	\$ 73,787	\$ --	\$ --	\$ 73,787
Furniture and fixtures	145,457	5,828	--	146,718
Auto and trucks	415,403	10,526	--	388,140
Equipment	2,888,779	11,050	--	2,692,105
Building improvements	<u>758,665</u>	<u>67,089</u>	<u>--</u>	<u>825,754</u>
	4,282,091	94,493	(250,080)	4,126,504
Accumulated depreciation	<u>(2,981,771)</u>	<u>(227,700)</u>	<u>247,878</u>	<u>(2,961,593)</u>
Net property and equipment	<u>\$ 1,300,320</u>	<u>\$ (133,207)</u>	<u>\$ (2,202)</u>	<u>\$ 1,164,911</u>

Depreciation expense totaled \$227,700 for the year ended December 31, 2012.

5. SELF-INSURANCE:

The Company has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance company. The Company is responsible for 100% of the first \$25,000 of claims per individual up to an aggregate amount. Any claim in excess of \$25,000 or the aggregate is covered by the insurance company. Amounts charged to the Company and included in expenses for this plan were \$277,851 and \$273,699 in fiscal years 2013 and 2012. The estimated claims payable for incurred but not reported claims at December 31, 2013 and 2012 was \$4,159 and \$6,323, respectively. These amounts are reflected as current liabilities on the statements of financial position.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

5. SELF-INSURANCE: (Continued)

During 2013 and 2012, the Company did not pay claims in excess of its self-insurance liability.

6. INCOME TAXES:

The Company is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3).

Accounting standards provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under FASB ASC 740-10, 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 the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company is no longer subject to income tax examinations by taxing authorities for years prior to 2010.

7. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. DEFINED CONTRIBUTION PLAN:

The Company has a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan allows full-time employees to defer a portion of their compensation. Voluntary contributions for 2013 and 2012 were \$91,665 and \$79,086, respectively.

In October 2000 an employer matching benefit was approved, whereby the Company will match voluntary employee contributions to the plan up to 5% of annual salaries. The amount of the employer matching contributions to the plan was \$64,620 in 2013 and \$56,146 in 2012.

9. USE OF PROPERTY OR EQUIPMENT:

Some assets used by the fire station are owned by Jefferson Parish. The Company uses these assets as part of the contract with Jefferson Parish.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

10. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received does not vary based upon years of service and is based upon state law. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

11. ECONOMIC DEPENDENCY:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company has a contract with Jefferson Parish, effective April 1, 2004, under which the Company receives one-third of certain ad valorem taxes assessed within the Sixth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates.

Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

12. OPERATING LEASE:

The Company leases land to Radiofone, Inc. expiring 20 years from the commencement date, August 19, 1996.

Minimum future lease payments to be received are as follows:

2014	\$ 6,000
2015	6,000
2016	<u>3,500</u>
	<u>\$ 15,500</u>

Total rental income received during 2013 and 2013 was \$6,000 each year.

14. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through June 11, 2014, which is the date the financial statements were available to be issued.

15. RECLASSIFICATIONS:

Certain amounts presented in the prior period have been reclassified in order to be consistent with the current year's presentation. Net assets have remained unchanged.





DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
GUY L. DUPLANTIER, C.P.A.  
MICHELLE H. CUNNINGHAM, C.P.A.  
DENNIS W. DILLON, C.P.A.  
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVICH, C.P.A.  
TERRI L'KITTO, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.  
DAVID A. BURGARD, C.P.A.  
CLIFFORD J. GIFFIN, Jr., CPA

A.J. DUPLANTIER JR, C.P.A. (1919-1985)  
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)  
WILLIAM R. HOGAN, JR., CPA (1920-1996)  
JAMES MAHER, JR, C.P.A. (1921-1999)

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

June 11, 2014

To the Board of Directors  
Harvey Volunteer Fire Company No. 2

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 Harvey Volunteer Fire Company No. 2 (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 11, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Harvey Volunteer Fire Company No. 2'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 Harvey Volunteer Fire Company No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2'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 organization'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.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888  
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940  
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833  
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941  
[www.dhhmcpa.com](http://www.dhhmcpa.com)

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, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Harvey Volunteer Fire Company No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 result 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.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Harvey Volunteer Fire Company No. 2 for the year ended December 31, 2013 was unmodified.
2. Internal Control  
    Significant deficiency: none noted  
    Material weaknesses: none noted
3. Compliance and Other Matters  
    Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF PRIOR YEAR FINDINGS:

2012-01: THEFT ALLEGATIONS

**Condition:** The Chief for Harvey Volunteer Fire Company No. 2 was arrested on February 14, 2012, and booked with theft in excess of \$1,500. He has remained in his position as Chief. The investigation is currently ongoing.

The President/Deputy Chief for Harvey Volunteer Fire Company No. 2 was arrested on February 1, 2012, and booked with theft in excess of \$1,500 and filing a false public record. The former President resigned from his position, but remained in his position as Deputy Chief. The investigation is currently ongoing.

**Status:** This case is still ongoing.