

R E P O R T

HARVEY VOLUNTEER FIRE COMPANY NO. 2

DECEMBER 31, 2016 AND 2015

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

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June 28, 2017

Board of Directors  
Harvey Volunteer Fire Company No. 2  
P. O. Box 1053  
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**Report on the Financial Statements**

We have audited the accompanying financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

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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 organization'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, 2016 and 2015, 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.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 16 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, 2017, 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***

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 3,661,477	\$ 4,180,809
Certificates of deposit	92,598	92,312
Prepaid insurance	-	11,674
Total current assets	<u>3,754,075</u>	<u>4,284,795</u>
PROPERTY, PLANT, AND EQUIPMENT:		
Land and land improvements	73,787	73,787
Furniture and fixtures	151,659	151,385
Autos and trucks	1,271,100	384,438
Equipment	2,371,651	2,433,680
Building improvements	<u>1,050,738</u>	<u>1,013,053</u>
Total	4,918,935	4,056,343
Less: Accumulated depreciation	<u>3,143,879</u>	<u>3,116,787</u>
Net property, plant, and equipment	<u>1,775,056</u>	<u>939,556</u>
OTHER ASSETS:		
Certificate of deposit	<u>29,597</u>	<u>29,087</u>
TOTAL ASSETS	<u>\$ 5,558,728</u>	<u>\$ 5,253,438</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 35,153	\$ 39,135
Salaries payable	32,169	2,648
Accrued liabilities	2,655	211
Insurance claims payable	<u>10,915</u>	<u>30,224</u>
Total current liabilities	<u>80,892</u>	<u>72,218</u>
NET ASSETS:		
Unrestricted	<u>5,477,836</u>	<u>5,181,220</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,558,728</u>	<u>\$ 5,253,438</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS:		
UNRESTRICTED REVENUES:		
Contract revenue:		
Jefferson Parish - Millage	\$ 3,300,000	\$ 3,300,000
Jefferson Parish - 2016 LSFA Conference	10,000	-
Insurance rebate	103,076	116,633
Fundraising	-	125
Interest	2,088	1,983
Rental	6,000	6,000
Insurance proceeds	596	512
LWCC dividend	123,862	115,719
Other income	24,374	32,707
Total unrestricted revenues	<u>3,569,996</u>	<u>3,573,679</u>
 EXPENSES: (Pages 5 and 6)		
Program services:		
Firefighting services	3,088,166	2,937,941
Supporting activities:		
General and administrative	178,239	172,069
Fundraising	6,975	6,554
Total expenses	<u>3,273,380</u>	<u>3,116,564</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 296,616	 457,115
 NET ASSETS, BEGINNING OF YEAR	 <u>5,181,220</u>	 <u>4,724,105</u>
 NET ASSETS, END OF YEAR	 <u>\$ 5,477,836</u>	 <u>\$ 5,181,220</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Supporting Activities</u>		
	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 14,894	\$ -	\$ 14,894
Bank charges	-	35	-	35
Convention, seminars, and classes	30,629	-	-	30,629
Copy machine	-	1,289	-	1,289
Depreciation	162,340	8,544	-	170,884
Dues and subscriptions	4,560	-	-	4,560
Meals and entertainment	-	-	-	-
Fire equipment	24,702	-	-	24,702
Fuel	27,327	-	-	27,327
Public fire education	-	-	6,975	6,975
Insurance	651,243	34,276	-	685,519
Loss on disposal of equipment	288	15	-	303
Medical supplies	1,214	-	-	1,214
Miscellaneous	7,761	5,332	-	13,093
Office supplies	-	6,670	-	6,670
Payroll processing	14,258	750	-	15,008
Payroll taxes	126,216	6,643	-	132,859
Postage	1,005	53	-	1,058
Promotional	-	11,980	-	11,980
Repairs and maintenance	225,831	-	-	225,831
Radio	6,917	-	-	6,917
Retirement	67,777	3,567	-	71,344
Salaries	1,521,511	80,080	-	1,601,591
Telephone and utilities	78,107	4,111	-	82,218
Uniforms	12,373	-	-	12,373
Vehicle repairs	124,107	-	-	124,107
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL EXPENSES	<u>\$ 3,088,166</u>	<u>\$ 178,239</u>	<u>\$ 6,975</u>	<u>\$ 3,273,380</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program			Total
	Services	Supporting Activities		
	<u>Firefighting</u>	<u>General and</u>	<u>Fundraising</u>	
	<u>Services</u>	<u>Administrative</u>		
EXPENSES:				
Accounting and legal	\$ -	\$ 19,117	\$ -	\$ 19,117
Bank charges	-	30	-	30
Convention, seminars, and classes	17,288	-	-	17,288
Copy machine	-	814	-	814
Depreciation	148,816	7,832	-	156,648
Dues and subscriptions	5,013	-	-	5,013
Meals and entertainment	22	-	-	22
Fire equipment	20,414	-	-	20,414
Fuel	35,127	-	-	35,127
Public fire education	-	-	6,554	6,554
Insurance	708,930	37,312	-	746,242
Loss on disposal of equipment	-	-	-	-
Medical supplies	1,909	-	-	1,909
Miscellaneous	7,852	4,456	-	12,308
Office supplies	-	6,324	-	6,324
Payroll processing	14,659	771	-	15,430
Payroll taxes	118,423	6,233	-	124,656
Postage	1,144	60	-	1,204
Promotional	-	5,351	-	5,351
Repairs and maintenance	148,060	-	-	148,060
Radio	13,688	-	-	13,688
Retirement	65,316	3,438	-	68,754
Salaries	1,441,720	75,880	-	1,517,600
Telephone and utilities	84,562	4,451	-	89,013
Uniforms	8,194	-	-	8,194
Vehicle repairs	96,804	-	-	96,804
	<u>\$ 2,937,941</u>	<u>\$172,069</u>	<u>\$ 6,554</u>	<u>\$ 3,116,564</u>

See accompanying notes.



HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 296,616	\$ 457,115
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	170,884	156,648
Loss on disposal of equipment	303	-
Increase in prepaid expenses	11,674	14,365
Decrease (increase) in accounts receivable	-	2,478
Increase (decrease) in salaries payable	29,521	(36,868)
Increase (decrease) in accounts payable	(3,982)	26,500
Increase (decrease) in insurance claims payable	(19,309)	23,802
Increase (decrease) in other payables	2,444	(3,149)
Net cash provided by operating activities	<u>488,151</u>	<u>640,891</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned on and reinvested in certificates of deposit	(796)	(652)
Purchases of property and equipment	<u>(1,006,687)</u>	<u>(95,344)</u>
Net cash used in investing activities	<u>(1,007,483)</u>	<u>(95,996)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(519,332)	544,895
<b>CASH, BEGINNING OF YEAR</b>	<u>4,180,809</u>	<u>3,635,914</u>
<b>CASH, END OF YEAR</b>	<u>\$ 3,661,477</u>	<u>\$ 4,180,809</u>
<b>NON CASH INVESTING ACTIVITIES:</b>		
Interest earned on and reinvested in certificates of deposit	<u>\$ 796</u>	<u>\$ 652</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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 of Jefferson Parish with fire protection and related services. The Company had a contract with Jefferson Parish to provide fire protection services to the Sixth Fire Protection District through March 31, 2014, when the fire protection contract with Jefferson Parish expired. The Company began providing fire protection services to Jefferson Parish on a month-to-month basis. 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. The majority of the Company's revenue is derived from this contract.

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 prepares its financial statements in accordance with 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, 2016 and 2015, 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 in accordance with FASB ASC 958-605, *Revenue Recognition*. In accordance with FASB ASC 958-605, 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, 2016 AND 2015

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 \$3,300,000 for 2016 and 2015, 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 \$103,076 and \$116,633 for 2016 and 2015, respectively.

Cash Flow Information:

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.

Supplemental Disclosures of Cash Flow Information:

	<u>2016</u>	<u>2015</u>
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	-	-

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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	3 - 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 of service up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

<u>Years Completed</u>	<u>Weeks</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.

All full-time, non-operations personnel are granted 10 sick days per calendar year. Sick leave for operators is governed by LRS 33:1995, which states operators shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks.

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

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

2. CASH:

At December 31, 2016 and 2015, the fire company maintained cash balances and savings accounts in several local banks. The bank balances and book balances as of December 31, 2016 and 2015 were as follows:

	2016		2015	
	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>
Petty cash	\$ 99	\$ 99	\$ 76	\$ 76
Checking accounts -				
Fidelity Homestead				
General operating fund	907,604	910,681	1,152,615	1,158,019
Payroll fund	230,498	232,418	73,049	86,865
Private fund	12,063	12,063	16,522	16,807
Insurance disbursement fund	17,993	27,014	13,622	18,480
Savings accounts -				
Fidelity Homestead				
Hospitalization fund	61,393	61,393	136,338	136,338
Savings fund	2,431,827	2,431,827	2,788,587	2,788,587
Total cash	\$3,661,477	\$3,675,495	\$4,180,809	\$4,205,172

The interest rate on the Hospitalization fund for the years ended December 31, 2016 and 2015 was 0.05% and 0.05%, respectively. The interest rate on the Savings fund for the years ended December 31, 2016 and 2015, was 0.05% and 0.05%, respectively.

Concentrations of Credit Risk:

For the years ended December 31, 2016 and 2015, 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. At December 31, 2016 and 2015, the Company's bank balances were entirely covered by FDIC insurance or pledged securities held by Fidelity in the name of Harvey Volunteer Fire Company No. 2, respectively.

3. CERTIFICATES OF DEPOSIT:

The Company had the following certificates of deposit as of December 31, 2016 and 2015:

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

3. CERTIFICATES OF DEPOSIT: (Continued)

	Interest Rate			Interest Rate		
	<u>Maturity</u>	<u>2016</u>	<u>2016</u>	<u>Maturity</u>	<u>2015</u>	<u>2015</u>
Certificate of deposit	07/18/17	0.399%	\$ 16,837	07/20/16	0.250%	\$ 16,783
Certificate of deposit	08/15/17	0.499%	9,277	08/15/16	0.349%	9,240
Certificate of deposit	07/13/17	0.399%	33,083	07/15/16	0.250%	32,978
Certificate of deposit	11/21/17	0.399%	23,311	05/23/16	0.250%	23,246
Certificate of deposit	08/07/17	0.250%	10,090	08/07/16	0.250%	10,065
Total current			<u>92,598</u>			<u>92,312</u>
Total non-current	03/05/22	1.735%	29,597	03/05/17	1.735%	29,087
Total			<u><u>\$ 122,195</u></u>			<u><u>\$ 121,399</u></u>

The certificates of deposit are recorded at cost plus accrued interest.

4. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2016:

	Balance			Balance
	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	151,385	7,502	(7,228)	151,659
Auto and trucks	384,438	886,662	-	1,271,100
Equipment	2,433,680	74,838	(136,867)	2,371,651
Building improvements	1,013,053	37,685	-	1,050,738
	<u>4,056,343</u>	<u>1,006,687</u>	<u>(144,095)</u>	<u>4,918,935</u>
Accumulated depreciation	<u>(3,116,787)</u>	<u>(170,884)</u>	<u>143,792</u>	<u>(3,143,879)</u>
Net property, plant, and equipment	<u><u>\$ 939,556</u></u>	<u><u>\$ 835,803</u></u>	<u><u>\$ (303)</u></u>	<u><u>\$ 1,775,056</u></u>

Depreciation expense totaled \$170,884 during the year ended December 31, 2016.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

4. PROPERTY AND EQUIPMENT: (Continued)

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2015:

	Balance <u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/15</u>
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	147,263	4,122	-	151,385
Auto and trucks	375,801	24,401	(15,764)	384,438
Equipment	2,410,059	23,621	-	2,433,680
Building improvements	969,853	43,200	-	1,013,053
	<u>3,976,763</u>	<u>95,344</u>	<u>(15,764)</u>	<u>4,056,343</u>
Accumulated depreciation	<u>(2,975,903)</u>	<u>(156,648)</u>	<u>15,764</u>	<u>(3,116,787)</u>
Net property, plant, and equipment	<u>\$ 1,000,860</u>	<u>\$ (61,304)</u>	<u>\$ -</u>	<u>\$ 939,556</u>

Depreciation expense totaled \$156,648 during the year ended December 31, 2015.

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 \$261,364 and \$324,445 in fiscal years 2016 and 2015. The estimated claims payable for incurred but not reported claims at December 31, 2016 and 2015, was \$10,915 and \$30,224, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 2016 and 2015, 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).

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INCOME TAXES: (Continued)

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 2013.

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 pre-tax contributions for 2016 and 2015, were \$94,164 and \$97,779, respectively. Voluntary Roth 401(k) contributions for 2016 and 2015, were \$27,986 and \$21,683, respectively.

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 \$71,344 in 2016 and \$68,754 in 2015.

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.

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.



HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

11. ECONOMIC DEPENDENCY:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company had a contract with Jefferson Parish, under which the Company received 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. On March 31, 2014, the fire protection contract with Jefferson Parish expired, and a new fire protection contract has not yet been signed with the Parish. The Company is currently providing fire protection services to Jefferson Parish on a month-to-month basis.

12. OPERATING LEASE:

The Company leased land to Radiofone, Inc. for twenty years. In August 2016, the original lease expired, and a new lease has not yet been signed. The lease is currently continuing on a month-to-month basis, based upon the payment terms of the original lease agreement.

Total rental income received during 2016 and 2015 was \$6,000 each year.

13. COOPERATIVE ENDEAVOR AGREEMENT:

On September 8, 2016, the fire company entered into a Cooperative Endeavor Agreement with Jefferson Parish, Louisiana, to sponsor the annual conference of the Louisiana State Fireman's Association held from August 11<sup>th</sup> to August 13<sup>th</sup>, 2016, to better provide fire prevention and protection services to benefit the citizens of Jefferson Parish. The Parish provided \$10,000 to the fire company to sponsor the conference.

14. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through June 28, 2017, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

HARVEY VOLUNTEER FIRE CO., NO. 2  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2016

Agency head name: Scott Berthelot, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ -</u>



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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

June 28, 2017

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, 2016, 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 28, 2017.

**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.

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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.

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 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***

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, 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 *GOVERNMENT AUDITING*  
*STANDARDS* GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

SUMMARY OF PRIOR YEAR FINDINGS:

None noted