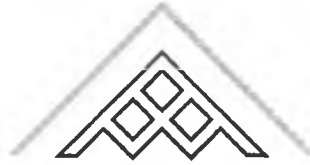


ANTHONY B. BAGLIO, CPA
PRESIDENT

MEMBER

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants



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ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

November 16, 2022

Louisiana Legislative Auditor,

Re: Natalbany Volunteer Fire Department, Inc.'s audited financial statements as of
and for the year ended December 31, 2020.

These audited financial statements were reissued due to the incorrect independent
auditor's report. The correct auditors report is reflected in the audited financial
statement.

Anthony B Baglio CPA

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Natalbany, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2020

ANTHONY B. BAGLIO, CPA
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation
Hammond, Louisiana

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
As of and for the Year Ended December 31, 2020

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ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

Honorable, Donald R. Scafidel, Fire Chief
and Members of the Board of Directors
Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

I have audited the accompanying financial statements of Natalbany Volunteer Fire Department, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Natalbany Volunteer Fire Department, Inc. as of December 31, 2020, 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.

Report on Supplementary Information

My 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 on page 19 is presented for the 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 my 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*, I have also issued my report dated June 25, 2021 on my consideration of Natalbany Volunteer Fire Department, Inc.'s internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Natalbany Volunteer Fire Department, Inc.'s 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 Natalbany Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.



Anthony B Baglio, CPA
A Professional Accounting Corporation
Hammond, Louisiana

June 25, 2021

Natalbany Volunteer Fire Department, Inc.
Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash and Cash Equivalents	\$	674,771
Receivables:		
Fire Protection District No. 2 Contract Fees		220,110
Due from Employees		429
Prepaid Insurance		18,304
Total Current Assets		913,614

Property and Equipment, Net		709,999
-----------------------------	--	---------

Other Assets

Restricted Cash and Cash Equivalents		23,695
Total Restricted Cash and Cash Equivalents		23,695

Total Assets		1,647,308
---------------------	--	-----------

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$	13,598
Other Payables		986
Payroll Taxes Payable		7,229
Current Portion of Long-Term Debt		10,332
Total Current Liabilities		32,145

Long-Term Debt, Less Current Portion		576,888
--------------------------------------	--	---------

Total Liabilities		609,033
--------------------------	--	---------

Net Assets

Without Donor Restrictions		85,082
With Donor Restrictions		953,193
Total Net Assets		1,038,275

Total Liabilities and Net Assets	\$	1,647,308
---	----	-----------

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.
Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues			
Rural Fire District No. 2 Contract Fees			
Ad Valorem Taxes	\$ -	\$ 827,897	\$ 827,897
Revenue Sharing	-	72,560	72,560
Fire Insurance Rebate	-	51,129	51,129
Fire Protection - Municipal	-	7,350	7,350
Dividend - Workers' Compensation	-	21,587	21,587
Insurance Proceeds	-	9,576	9,576
Gain (Loss) on Sale of Assets	-	2,560	2,560
Interest	-	3,698	3,698
Rental Income	3,450	-	3,450
Supplemental Pay	-	26,850	26,850
Training Income	2,525	-	2,525
Donations	15,540	-	15,540
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	<u>1,035,248</u>	<u>(1,035,248)</u>	<u>-</u>
Total Revenues	<u>1,056,763</u>	<u>(12,041)</u>	<u>1,044,722</u>
Expenses			
Firefighting and EMS	991,785	-	991,785
Administrative and General	41,891	-	41,891
Fundraising	<u>1,572</u>	<u>-</u>	<u>1,572</u>
Total Expenses	1,035,248	-	1,035,248
Change in Net Assets	<u>21,515</u>	<u>(12,041)</u>	<u>9,474</u>
Net Assets at Beginning of Year	<u>63,567</u>	<u>965,234</u>	<u>1,028,801</u>
Net Assets at End of Year	<u>\$ 85,082</u>	<u>\$ 953,193</u>	<u>\$ 1,038,275</u>

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Firefighting and EMS</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and Legal	\$ -	\$ 9,750	\$ -	\$ 9,750
Capital Outlay	63,369	-	-	63,369
Depreciation	36,078	8,763	-	44,841
Dues and Subscriptions	-	16,232	-	16,232
Drug Testing and Background Check	-	444	-	444
Donations	-	1,000	-	1,000
Fees, Charges, and Services	3,584	-	-	3,584
Fuel	12,782	-	-	12,782
Fundraising Expenses	-	-	1,572	1,572
Insurance	60,968	-	-	60,968
Interest	20,742	-	-	20,742
Miscellaneous	2,976	-	-	2,976
Office Supplies	-	4,017	-	4,017
Operating Supplies	24,361	-	-	24,361
Outside Services	2,477	-	-	2,477
Payroll	518,019	-	-	518,019
Payroll Taxes	42,047	-	-	42,047
Postage and Frieght	-	1,494	-	1,494
Repairs and Maintenance	102,378	-	-	102,378
Rent	-	50	-	50
Retirement	5,009	-	-	5,009
Supplemental Pay	26,850	-	-	26,850
Taxes and Licenses	-	141	-	141
Telephone	6,503	-	-	6,503
Travel and Training	6,186	-	-	6,186
Uniforms	2,067	-	-	2,067
Utilities	22,914	-	-	22,914
Workers Compensation	32,475	-	-	32,475
	<u>\$ 991,785</u>	<u>\$ 41,891</u>	<u>\$ 1,572</u>	<u>\$ 1,035,248</u>

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.

Statement of Cash Flows

Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 9,474
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	44,841
(Increase) Decrease in Operating Assets:	
Receivables from Fire District	(18,561)
Employee Receivables	(429)
Prepays	(5,358)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	4,008
Other Payables	118
Payroll Taxes Payable	(700)
Deferred Revenue	(26,712)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,681</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	<u>(20,383)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(20,383)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Long-Term Debt	<u>(9,978)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(9,978)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (23,680)

BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH 722,146

ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH \$ 698,466

SUPPLEMENTAL DISCLOSURES:

Cash paid during the year for interest	\$ 20,742
--	-----------

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note A – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Natalbany Volunteer Fire Department, Inc. (Natalbany) was incorporated on February 3, 1956, as an association of volunteer firemen serving the Natalbany, Louisiana, geographical area. The Natalbany Volunteer Fire Department, Inc. is funded, for the most part, by an annual appropriation from the Tangipahoa Parish Rural Fire Protection District No. 2 (Rural Fire Protection District No. 2).

The Rural Fire Protection District No. 2 contracts with the Natalbany Volunteer Fire Department, Inc. and nine other fire departments to carry out its mission of providing fire protection for the entire parish of Tangipahoa, excluding the incorporated municipalities and the entire Third Ward in Tangipahoa parish.

Rural Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and two percent fire insurance rebated monies, and appropriates, these monies, along with interest earnings, to the ten individual fire departments in accordance with an annual agreement. The primary responsibility of each fire department is the prevention and termination of fires which pose a threat to life or property within its areas of responsibility. The secondary responsibility is to respond to any and all calls for assistance from any of the other fire departments in Rural Fire Protection District No. 2. With the formation of the 911 system in the parish, the responsibility of the fire department now includes handling certain 911 calls.

The annual agreement provides, in part, that the appropriation of revenue from Rural Fire Protection District No. 2 be based upon the square miles served by the individual fire departments, the population within the area served, and the number of fire calls received in a given period. The agreement also requires that the individual fire departments expend the appropriations exclusively for the purposes of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries.

Since 2015, some of the accounting services for the Rural Fire Protection District No. 2 is being performed by an outside CPA firm. The scope of services is as follows:

- (1) Act as fiscal agent on behalf of the district by collecting any and all taxes to which the district is entitled by law and depositing and maintain said funds on behalf of the district.
- (2) Act as purchasing agent on behalf of the District to procure all equipment or property approved by the Board of Commissioners of the District, as provided by law, and the distribution of funds for reimbursement of operating expenses.
- (3) Provide for the auditing of all funds collected and disbursed.
- (4) The district, upon receiving specific payroll information from each respective Fire Department, will reimburse each respective Fire Department in an amount equal to the monthly payroll submitted by each respective Fire Department, together with all payroll tax liabilities.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements of the Fire Department have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Fire Department to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Fire Department’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fire Department or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity and used only for a specified purpose.

Donor restricted contributions are reported as increases to net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The funds received from the Parish for fire protections services under the cooperative endeavor contract are considered donor restricted.

New Accounting Pronouncements:

During the year ended December 31, 2018, the fire company adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability of financial statements has also been added to the financial statements (Note M).

As of January 1, 2019, the Fire Company adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

New Accounting Pronouncements: (Continued)

for revenue from contracts with customer. The Fire Company's primary source of revenue is from its contract with the Rural Fire Protection District No. 2. The Fire Company has analyzed the provisions of FASB's ASU Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes to their revenue recognition are needed to conform with the new standard.

Contributions

During the year ended December 31, 2019, the Company adopted the requirements of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. As a result of adopting ASU 2018-08, there was no cumulative-effect adjustment to opening net assets with donor restrictions as of January 1, 2019.

Sources of Revenue

Revenue consists primarily of appropriations of ad valorem taxes, state revenue sharing, and fire insurance rebate funds received from Rural Fire Protection District No. 2 of Tangipahoa Parish. Natalbany receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on the formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish. These revenues are reported on the accrual basis of accounting. Other sources of revenues would include fund raising, contributions, training program, and rental income from a house on their property. These other sources of revenue are recorded when received.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less are cash and cash equivalents.

Fair Values of Financial Instruments

Natalbany's financial instruments, none of which are held for trading purposes, included cash. The following method and assumption used by Natalbany in estimating its fair value disclosures for financial instruments is:

Cash: The carrying amounts reported in the statement of financial position approximated fair value because of the short maturities of those instruments.

Prepays

Items that benefit a future period are recorded as prepaid at year end. These amounts are recognized as expenditures in the period that they benefit.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Property and Equipment

It is Natalbany's policy to expense all assets purchased with appropriations from Rural Fire Protection District No. 2, because they are owned by Rural Fire Protection District No. 2 as stated in the contract between Rural Fire Protection District No. 2 and the ten individual fire departments. Assets purchased with other revenues are recorded as fixed assets when purchased.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Natalbany reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are carried at cost. Natalbany maintains a threshold level of \$500 or more for capitalizing fixed assets. Renewals and betterments that materially extend the life of the asset are capitalized. Upon retirement or disposal of an asset, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is included in the statement of activities. Straight-line depreciation is used. The assets are depreciated using the following useful lives:

	<u>Estimated Useful Lives</u>
Buildings	10 – 40 Years
Building Improvements	10 – 40 Years
Machinery and Equipment	5 – 7 Years
Vehicles	5 – 15 Years

Use of Estimates

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

Federal Income Tax

The Natalbany Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (C) (3) of the Internal Revenue Code, except for amounts representing unrelated business income. Unrelated business gross income from renting facilities amounted to \$3,450 with related expenses, which were approximately \$1,925 including depreciation. The Department has not filed their federal income tax return for 2020. The organization has a net operating loss and therefore no tax liability.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Federal Income Tax (Continued)

The organization has adopted the provisions of ASC 740, *Income Taxes*. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from filing of those returns.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 25, 2021, the date, which the financial statements were available to be issued.

Uncertainties

A novel strain of coronavirus was reported in New Orleans in March 2020, and continues to spread through the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Note B – Restricted Cash

A USDA loan requires a monthly deposit of \$265 to a reserve account until the balance reaches \$31,800. The reserve account had a balance of \$23,695 at December 31, 2020.

Note C – Cash and Cash Equivalents

At December 31, 2020, Natalbany had cash and cash equivalents (book balances) totaling \$698,466 as follows:

Operating Accounts	\$ 631,538
Louisiana Asset Management Pool	17
General Account	43,216
Reserve Account (Restricted)	23,695
Total	<u>\$ 698,466</u>

These demand deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by Federal Deposit Insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal Deposit Insurance must be at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note C – Cash and Cash Equivalents (Continued)

At December 31, 2020, Natalbany had \$705,455 in deposits (collected bank balances). These demand deposits were secured from risk by \$204,750 of federal deposit insurance and the remaining \$500,705 of pledged securities. The \$500,705 is exposed to custodial credit risk because while the amount is secured by pledge securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the fire department that the fiscal agent has failed to pay deposited funds upon demand. Per GASB Statement 3, as amended by GASB 40, the fire department's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the fire department's name. Custodial credit risk is the risk that in the event of a bank failure, the fire department's deposits may not be returned to it. The fire department does not have a deposit policy for custodial risk. As of December 31, 2020, the fire department was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by the pledge of securities.

At December 31, 2020, Natalbany had additional cash equivalents considered to be a demand deposit in the Louisiana Asset Management Pool (LAMP) of \$17.

The Louisiana Asset Management Pool (LAMP) is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidence by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note C – Cash and Cash Equivalents (Continued)

- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consist of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note D – Receivables

Receivables include amounts due from the Rural Fire Protection District No. 2 at December 31, 2020 and are summarized as follows:

Rural Fire Protection District No. 2 Contract Fees	\$ 220,110
Total	\$ 220,110

No allowance for uncollectible accounts is required at December 31, 2020.

Note E – Property and Equipment

Fixed assets and depreciation as of and for the year ended December 31, 2020:

	12/31/19	Increases	Decreases	12/31/20
Fixed assets not being depreciated:				
Land	\$ 62,562	\$ -	\$ -	\$ 62,562
Total fixed assets not being depreciated	62,562	-	-	62,562
Fixed assets being depreciated:				
Buildings	514,684	-	-	514,684
Building Improvements	241,549	18,623	-	260,172
Machinery & Equipment	320,841	-	-	320,841
Vehicles	205,373	1,760	-	207,133
Total fixed assets being depreciated	1,282,447	20,383	-	1,302,830

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note E – Property and Equipment (Continued)

Less accumulated depreciation for				
Buildings	45,930	2,419	-	48,349
Building Improvements	127,459	17,563	-	145,022
Machinery and Equipment	357,630	18,157	-	375,787
Vehicles	79,533	6,702	-	86,235
Total accumulated depreciation	<u>610,552</u>	<u>44,841</u>	-	<u>655,393</u>
Fixed assets being depreciated, net	671,895	(24,458)	-	647,437
Total fixed assets, net	<u>\$ 734,457</u>	<u>\$ (24,458)</u>	<u>\$ -</u>	<u>\$ 709,999</u>

Depreciation expense for the year ended December 31, 2020 was \$44,841.

Note F – Note Payable

On December 13, 2012 the Department entered into a Community Facilities Grant Agreement with the United States Department of Agriculture Rural Housing Service (USDA) to undertake the acquisition, construction, enlargement, capital improvement, or purchase of equipment. The total estimated cost of the project was \$672,554 of which \$653,000 and was financed by loans and \$19,554 issued through grant funds. Proceeds received from the grant agreement must be deposited into a separate bank account. The loan is for 40 years bearing interest at 3.50%. The loan also required that \$265 each month be placed in a reserve account until the balance accumulates to \$31,800. The building is security for the loan. Natalbany made the required deposits to the account for the year then ended.

The loan balance is being paid in monthly installments of \$2,560. The following future principal payments are based on monthly installments and show the loan being paid out in 2052.

The annual principal payments are as follows:	<u>Year</u>	<u>Amount</u>
	2021	\$ 10,332
	2022	10,699
	2023	11,080
	2024	11,474
	2025	11,882
	2026-2052	<u>531,753</u>
		<u>\$587,220</u>

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note G – Retirement System

Employees of Natalbany Volunteer Fire Department, Inc. (Natalbany) participate in the Social Security System. Natalbany uses appropriations from Rural Fire Protection District No. 2 provide the employer matching portions of the social security contribution. Neither Natalbany nor Rural Fire Protection District No. 2 has any liability for employee pension benefits.

The Board of Directors of the Natalbany Volunteer Fire Department, Inc. adopted the Louisiana Public Employees Deferred Compensation Plan. A 457(b) deferred compensation plan is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing pre-tax dollars through a voluntary salary contribution. All current full-time and part-time Louisiana public employees are immediately eligible to participate in the Louisiana 457(b) Deferred Compensation Plan. Natalbany Volunteer Fire Department, Inc., the employer, will match up to five percent of gross wages per pay-period. In 2020, the maximum contribution amount is 100% of compensation or \$19,500, whichever is less.

A special catch-up provision allows participants in the three calendar years prior to normal retirement age to contribute more (\$6,500 in 50 years or older in 2020) into the 457(b) Plan. Employer contributions for the fiscal year ending December 31, 2020 totaled \$5,009.

Note H – Vacation and Sick Leave

Depending on their length of service, full-time employees of Natalbany Volunteer Department, Inc. earn vacation and sick leave annually as follows:

<u>Work Schedule</u>	<u>Years of Service</u>	<u>Vacation Hours</u>	<u>Sick Hours</u>
40 hours/week	1-5 Years	40	40
	5-10 Years	80	40
	10 or more	120	40
12 hour shift	1-5 years	48	48
	5-10 years	96	48
	10 or more	144	48
24 hour shift	1-5 years	72	72
	5-10 years	144	72
	10 or more	216	72

Unused vacation and sick leave expires at the end of each year. Additional sick leave can be granted by the board on an individually needed basis.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note I – Leases

Natalbany is subleasing from Rural Fire Protection District No. 2, (a related party), land on which a second fire station was erected. Rural Fire Protection District No. 2 has the lease with an individual for 50 years with an option to renew for an additional 50 years for \$50 per year. The lease began on June 24, 1992. All terms of Rural Fire Protection District No. 2's lease with the individual are binding on Natalbany. The lease requires Natalbany to pay property taxes on the property. The property reverts to the individual at the expiration of the lease. The first rent payment was due June 24, 1993. The rental expense for the current year is \$50.

The future minimum lease payments are as follows:

2020	\$	50
2021		50
2022		50
2023		50
2024		50
2025-2042		<u>850</u>
	\$	<u>1,100</u>

Note J – On Behalf Payments Made by the State of Louisiana

For the year ended December 31, 2020, the State of Louisiana made on behalf payments in the form of supplemental pay to employees of the fire department. In accordance with GASB 24, Natalbany has recorded \$26,850 for the year ended December 31, 2020, of on behalf payments as revenue and as expenditures on the statement of activities.

Note K – Net Assets with Donor Restrictions

Appropriations from Rural Fire District No. 2 are considered restricted because under the terms of the contract with the Rural Fire Protection District No. 2 of Tangipahoa Parish these funds shall be expended solely for the purposes of operating, maintaining and/or purchasing of equipment or supplies and salaries if approved by Rural Fire District No. 2.

Note L – Concentrations

During the year ended December 31, 2020, \$1,023,207, or 98%, of the Department's gross revenues were derived from appropriations from the Tangipahoa Parish Rural Fire Protection District No. 2.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Note M – Liquidity and Availability of Financial Assets:

The following reflects the Fire Company's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of the financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2020</u>
Financial assets, at year end:	
Cash and cash equivalents	\$ 674,771
Accounts receivable	<u>220,539</u>
Total financial assets at year end	<u>895,310</u>
Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 895,310</u>

OTHER SUPPLEMENTAL INFORMATION

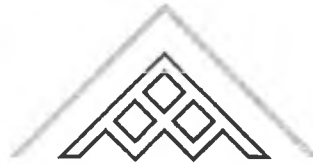
Natalbany Volunteer Fire Department, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
As of and for the Year Ended December 31, 2020

Agency Head Name: Frank B. Gerarve, Fire Chief

<u>Purpose</u>	<u>Compensation Received</u>
Salary	\$ 44,433
Supplemental Pay	6,000
Deferred Compensation (match paid by agency)	2,266
Insurance	49
Social Security and Medicare (match paid by agency)	<u>3,858</u>
Total	<u>\$ 56,606</u>

See Independent Auditor's report.

OTHER INDEPENDENT AUDITOR'S REPORT
AND FINDINGS



ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

June 25, 2021

**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***

The Honorable, Donald R. Scafidel, Fire Chief
and Members of the Board of Directors
Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

I 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 Natalbany Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 my report thereon dated June 25, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Natalbany Volunteer Fire Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Natalbany Volunteer Fire Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Natalbany Volunteer Fire Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of current year audit finding as item 2020-01 that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natalbany Volunteer Fire Department's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Natalbany Volunteer Fire Department's Response to Findings

Natalbany Volunteer Fire Department's response to the findings identified in my audit is described in the accompanying schedule of current year audit finding. Natalbany Volunteer Fire Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 public document.



Anthony B. Baglio, CPA
A Professional Accounting Corporation
Hammond, Louisiana

June 25, 2021

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Natalbany, Louisiana

Schedule of Current Year Audit Findings
Year Ended December 31, 2020

Internal Control

2020-01 Unreported Supplemental Pay

Condition

Supplemental pay from the State of Louisiana is paid directly to the employees and it is the responsibility of Natalbany to collect the payroll taxes from the employees' current pay. Natalbany did not report \$5,600 of the \$26,850 supplemental pay for 2020. The three employees had underreported amounts of \$4,500, \$850, and \$250 on their W2 for the current year.

Criteria

State of Louisiana directly pays supplemental pay to the employees and it is the responsibility of Natalbany to withhold taxes on these amounts from their current pay and report the supplemental pay on the employees' W2 and on the related payroll tax reports.

Cause

One of Natalbany's employees was called up to active military duty and received \$4,500 supplemental pay during this time. The employee did not receive a payroll check during this time; therefore, no taxes were withheld. Another employee who received \$850 went to work for another fire department before the payroll taxes could be withheld from his payroll check. The last employee who had an underreported amount of \$250 is still working.

Effect

By not properly recording the supplemental pay, the employees' W2 were understated, and payroll taxes were not collected and remitted to the taxing authorities.

Recommendation

Procedures should be established to collect the taxes when the supplemental pay is received by the employee. If Natalbany is not able to collect from the employee's current pay, then a reimbursement should be collected directly from the employee for the payroll taxes remaining to be collected.

Natalbany needs to collect directly from the employees the amount of taxes owed for 2020 and amend their W2 and the affected payroll reports.

Management's Corrective Action Plan

Management will take auditor's recommendations to correct this finding.

NATALABANY VOLUNTEER FIRE DEPARTMENT, INC.
Natalbany, Louisiana

STATUS OF PRIOR YEAR AUDIT FINDINGS

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Natalbany, Louisiana

Status of Prior Year Audit Findings
Year Ended December 31, 2020

Ref No	Fiscal Year Finding Initially Occurred	Description of Finding	Management's Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
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Section I - Internal Control and Compliance Material to the Financial Statements:

Internal Control

No Findings for Section I

Compliance

No Findings for Section II

Section II- Internal Control and Compliance Material to the Federal Awards

No Findings for Section II

Section III – Management Letter

No Findings for Section III