

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Natalbany, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2017

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, 2017

Table of Contents

	Page No.
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	9
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	20
OTHER INDEPENDENT AUDITOR'S REPORT	
Independent Auditor's Report on internal control over financial report and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	22
SUPPLEMENTAL INFORMATION SCHEDULES	
Schedule of Current Year Audit Findings.....	26
Status of Prior Year Audit Findings	29
LLA Statewide Agreed-Upon Procedures (SAUPs)	31

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A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

Honorable Frank B. Gerarve, Fire Chief
and Members of the Board of Directors
Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

Report on the Financial Statement

I have audited the accompanying financial statements of Natalbany Volunteer Fire Department, Inc., (a nonprofit organization), Natalbany, Louisiana, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions 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.

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

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.

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., Natalbany, Louisiana as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of compensation benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statement.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of compensation benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures (pages 30-41) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, I have also issued my report dated June 26, 2018, on my consideration of the Natalbany Volunteer Fire Department, Natalbany, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, Natalbany, Louisiana's internal control over financial reporting and compliance.



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

June 26, 2018

Natalbany Volunteer Fire Department, Inc.

Statement of Financial Position

December 31, 2017

Assets

Current Assets

Cash and Cash Equivalents	\$ 435,973
Receivables:	
Fire Protection District No. 2 Contract Fees	181,338
Prepaid Insurance	9,468
Total Current Assets	<u>626,779</u>

Restricted Assets

Restricted Cash and Cash Equivalents	14,091
Total Restricted Cash and Cash Equivalents	<u>14,091</u>

Property and Equipment

Land	62,562
Buildings	504,522
Building Improvements	239,074
Machinery & Equipment	308,301
Vehicles	205,373
Total Fixed Assets	<u>1,319,832</u>
Less Accumulated Depreciation	<u>(514,803)</u>
Net Property and Equipment	805,029
Total Assets	<u>\$ 1,445,899</u>

Liabilities and Net Assets

Current Liabilities

Current Portion of Long-Term Debt	\$ 9,303
Accounts Payable	17,635
Other Payables	858
Payroll Taxes Payable	9,950
Total Current Liabilities	<u>37,746</u>

Noncurrent Liabilities

Note Payable	606,833
Total Noncurrent Liabilities	<u>606,833</u>
Total Liabilities	<u>644,579</u>

Net assets

Temporarily Restricted	801,320
Total Net Assets	<u>801,320</u>
Total Liabilities and Net Assets	<u>\$ 1,445,899</u>

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

Natalbany Volunteer Fire Department, Inc.
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenue and Support			
Rural Fire District No. 2 Contract Fees			
Ad Valorem Taxes	\$ -	\$ 729,565	\$ 729,565
Revenue Sharing	-	71,332	71,332
Fire Insurance Rebate	-	53,862	53,862
Fire Protection - Municipal	-	4,200	4,200
Dividend - Workers' Compensation	-	30,503	30,503
Miscellaneous Income	-	3,816	3,816
Interest	-	3,883	3,883
Rental Income	-	6,313	6,313
Supplemental Pay	-	22,667	22,667
Donations	-	24,627	24,627
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	861,668	(861,668)	-
Total Public Support & Revenue	861,668	89,100	950,768
 Program Expenses			
Bank Charges	45	-	45
Capital Outlays	1,426	-	1,426
Data Processing	410	-	410
Depreciation	54,296	-	54,296
Drug Testing and Background Checks	790	-	790
Dues and Subscriptions	3,710	-	3,710
Fees, Charges, & Services	16,617	-	16,617
Fundraising Expense	9,523	-	9,523
Fuel	11,466	-	11,466
Garbage Pickup	294	-	294
Insurance	33,608	-	33,608
Interest	21,735	-	21,735
Miscellaneous	55	-	55
Office Supplies	3,704	-	3,704
Outside Services	1,565	-	1,565
Payroll Taxes	40,982	-	40,982
Postage and Freight	466	-	466

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

Natalbany Volunteer Fire Department, Inc.
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Professional Fees	9,275	-	9,275
Public Safety	6,074	-	6,074
Repairs and Maintenance	42,384	-	42,384
Retirement	4,061	-	4,061
Salaries	486,530	-	486,530
Supplies	7,810	-	7,810
Supplemental Pay	22,667	-	22,667
Taxes and Licenses	490	-	490
Telephone	2,953	-	2,953
Training	4,994	-	4,994
Uniforms	8,052	-	8,052
Utilities	27,002	-	27,002
Workers Compensation	38,684	-	38,684
Total Program Expenses	<u>861,668</u>	<u>-</u>	<u>861,668</u>
 Change in Net Assets	 <u>-</u>	 <u>89,100</u>	 <u>89,100</u>
 Net Assets at Beginning of Year	 <u>-</u>	 <u>712,220</u>	 <u>712,220</u>
Net Assets at End of Year	<u>\$ -</u>	<u>\$ 801,320</u>	<u>\$ 801,320</u>

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

Natalbany Volunteer Fire Department, Inc.
Statement of Cash Flows
Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in Net Assets	\$ 89,100
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	54,296
Decrease in Receivables	21,795
Increase in Prepaid Insurance	(193)
Increase in Accounts Payable	4,368
Increase in Accrued Payroll Taxes Payable	1,481
Decrease in Payable to Fire District No. 2	(48,822)
Net Cash Provided by Operating Activities	<u>122,025</u>
Cash Flows from Investing Activities	
Purchase of Equipment	(3,042)
Net Cash (Used) by Investing Activities	<u>(3,042)</u>
Cash Flows from Financing Activities	
Payments on Notes Payable	(8,985)
Net Cash (Used) Provided by Financing Activities	<u>(8,985)</u>
Net Increase in Cash and Cash Equivalents	109,998
Cash and Cash Equivalents, Beginning of Year	340,066
Cash and Cash Equivalents, End of Year	<u>\$ 450,064</u>
Reconciliation of Cash and Cash Equivalents to Statement of Financial Position	
Cash and Cash Equivalents, Unrestricted	\$ 435,973
Cash and Cash Equivalents, Restricted	14,091
Total Cash and Cash Equivalents	<u>\$ 450,064</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	\$ 21,735

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

NOTES TO THE FINANCIAL STATEMENT

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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.

Effective since 2015, some of the accounting services are being done by an outside CPA firm. The scope of services provided by Parish Government 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.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

- (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.

Accounting Policies

The accounting and reporting policies of the Fire Department conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations.

The following is a summary of certain significant accounting policies:

Basis of Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

Revenue and Support

Revenue and support consists primarily of appropriations of ad valorem taxes, state revenue sharing, and fire insurance rebated 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. Other sources of revenues would include fund raising, contributions, and rental income from a house on their property.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

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 (3) months or less to be cash equivalents.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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.

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 unrestricted contributions 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 as restricted contributions. 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. Natalbany reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are stated 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

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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 and disclosures. Accordingly, 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 \$6,313 with related expenses, which were approximately \$2,358 including depreciation. Natalbany has not filed their federal income tax for 2017. The tax liability should approximate \$593.

The Department follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Department opens audit periods are 2014 through 2017.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 26, 2018, the date which the financial statements were available to be issued.

Note B – Restricted Cash

The construction loan requires a monthly deposit of \$265 to a reserve account until the balance reaches \$31,800. The reserve account had a balance of \$14,091 at December 31, 2017.

Note C – Cash and Cash Equivalents

At December 31, 2017, Natalbany had cash and cash equivalents (book balances) totaling \$450,064 as follows:

Operations Accounts	\$ 117,023
Louisiana Asset Management Pool	278,315
General Account	54,726
Total	<u>\$ 450,064</u>

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

These demand deposits are stated at cost, which approximates market. 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.

At December 31, 2017, Natalbany had \$452,628 in deposits (collected bank balances). These demand deposits were secured from risk by \$174,313 of federal deposit insurance and the remaining \$278,315 of pledged securities. The \$278,315 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 through the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by Natalbany that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2017, Natalbany had additional cash equivalents considered to be a demand deposit in the Louisiana Asset Management Pool (LAMP) of \$17.

The investment in the Louisiana Asset Management Pool (LAMP) – an external investment pool, is stated at the value of the pool shares, which is the same as fair value and consists of securities of the United States Government or its agencies and as such do not require additional pledge collateral.

In accordance with GASB-31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments are carried at fair value, with estimate of fair value based on quoted market prices.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP has an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investment. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Effective August 2, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955 (A) (1) (h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. 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 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.

Note D – Receivables

Receivables include amounts due from the Rural Fire Protection District No. 2 at December 31, 2017 and are summarized as follows:

Rural Fire Protection District No. 2 Contract Fees	\$ 181,338
Total	<u>\$ 181,338</u>

No allowance for uncollectible accounts is required at December 31, 2017.

Note E – Property and Equipment

Fixed assets and depreciation as of and for the year ended December 31, 2017:

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

	12/31/16	Increases	Decreases	12/31/17
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	504,522	-	-	504,522
Building Improvements	239,074	-	-	239,074
Machinery & Equipment	305,260	3,041	-	308,301
Vehicles	205,373	-	-	205,373
Total fixed assets being depreciated	1,254,229	3,041	-	1,257,270
Less accumulated depreciation for				
Buildings	41,436	2,392	-	43,828
Building Improvements	73,696	17,191	-	90,887
Machinery and Equipment	286,081	27,878	-	313,959
Vehicles	59,294	6,835	-	66,129
Total accumulated depreciation	460,507	54,296	-	514,803
Fixed assets being depreciated, net	793,722	(51,255)	-	742,467
Total fixed assets, net	\$ 856,284	\$ (51,255)	\$	\$ 805,029

Depreciation expense for the year ended December 31, 2017, was \$54,296.

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 deposit to the account for the year then ended.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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

The annual principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 9,303
2019	9,634
2020	9,977
2021	10,332
2022	10,699
2023-2052	<u>566,191</u>
	<u>\$616,136</u>

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 to 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 (5%) percent of gross wages per pay-period. In 2017, the maximum contribution amount is 100% of compensation or \$18,000, whichever is less.

A special catch-up provision allows participants in the three calendar years prior to normal retirement age to contribute more (\$6,000 in 50 years or older in 2017) into the 457(b) Plan. Employer contributions for the fiscal year ending December 31, 2017, totaled \$4,061.

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:

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

<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.

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:

2018	\$ 50
2019	50
2020	50
2021	50
2022	50
2023-2042	<u>950</u>
	\$ <u>1,200</u>

Note J – Donated Materials and Services

Natalbany Volunteer Fire Department, Inc. (Natalbany) records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

Natalbany Volunteer Fire Department, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

No amounts have been reflected in the financial statements for donated services since the information was not available. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Natalbany's program services.

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

For the year ended December 31, 2017, 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 \$22,667 for the year ended December 31, 2017, of on behalf payments as revenue and as expenditures on the statement of activities.

Note L – Restrictions on Net Assets

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 the Fire District No. 2.

Note N – Concentrations

During the year ended December 31, 2016, \$858,959, or 90%, of the Department's gross revenues were derived from appropriations from the Tangipahoa Parish Rural Fire Protection District No. 2.

Note O – Contract with Parish Government

In 2013, Parish Government began maintaining the accounting records for Natalbany and the other fire departments in the district. Natalbany still does its own payroll and maintains certain bank accounts. In 2015, the Parish Government function for the fire departments was contracted to a CPA firm.

Note P – Compliance with LAWS

Natalbany failed to include certain supplemental pay on two (2) employees' W-2's.

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, 2017

Agency Head Name: Frank B. Gerarve, Fire Chief

<u>Purpose</u>	<u>Compensation Received</u>
Salary	\$ 47,227
Benefits – Insurance	63
Deferred Compensation (match paid by agency)	2,061
Social Security and Medicare (match paid by agency)	<u>3,613</u>
Total	<u>\$ 52,964</u>

See Independent Auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENTAL
AUDITING STANDARDS***



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A Professional Accounting Corporation

June 26, 2018

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 Frank B. Gerarve, 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, 2017, 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 26, 2018.

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.

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

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.

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit finding as item 2017-01.

Response to Findings

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

Natalbany Volunteer Fire Department, Inc.
Natalbany, Louisiana

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.



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

June 26, 2018

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
NATALBANY, LOUISIANA**

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Natalbany, Louisiana

Schedule of Current Year Audit Findings
Year Ended December 31, 2017

Internal Control

2017-01 Unreported Supplemental Pay

Condition

Some employees of Natalbany received supplemental pay directly from the State of Louisiana. It is Natalbany's responsibility to report this pay on the employees' W-2 and withhold taxes from current pay. Natalbany failed to report \$4,700 of supplemental pay on two (2) employees, therefore the W-2's were incorrectly reported and the payroll taxes were not sent to the taxing authorities.

Criteria

Supplemental pay should be included in the employee's wages, withhold payroll taxes and be included in the payroll report filings.

Cause

The supplemental pay information was not given to the assistant chief prior to him processing the monthly payroll at year end.

Effect

Two (2) W-2's did not reflect the correct wages or the payroll taxes, therefore causing payroll reports and payments to be incorrect.

Recommendation

Payroll reports including the employees W-2's need to be corrected. Also, the supplemental pay schedules received from the State should be reviewed monthly.

Management's Corrective Action Plan

Management will take auditor's recommendations to fix 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
As of and for the Year Ended December 31, 2017

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 prior year finding

Compliance

No prior year finding

**REQUIRED REPORT BY
THE LOUISIANA LEGISLATIVE AUDITOR**



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Natablany Volunteer Fire Department, Inc.
Natalbany, Louisiana
and the
Louisiana Legislative Auditor
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by management of The Natablany Volunteer Fire Department, Inc. (Natalbany) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 – December 31, 2017. Natalbany's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. **Budgeting** – including preparing, adopting, monitoring and amending the budget,

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

- b. **Purchasing** – including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes,
- c.
- c. **Disbursements** – including processing, reviewing, and approving.
- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e. **Payroll/Personnel** – including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f. **Contracting** – including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h. **Travel and expense reimbursement** – including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. **Ethics** – including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethic policy.
- j. **Debt Service** – including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserved requirements, and (4) debt service requirements.

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

Findings:

- 1a. The Department has no written policy on budgeting.
- 1b. The Department follows the procedures established with their contract with Parish Government except for Volunteer monies where there is not written policies.
- 1c. The Department follows the procedures established with their contract with Parish Government except for Volunteer monies where there is no written policies.
- 1d. The Department follows the procedures established with their contract with Parish Government except for Volunteer monies where there is no written policies.
- 1e. The Department has no written policies on payroll processing and reviewing and approving time and attendance records.
- 1f. The Department has no written policies on contracting.
- 1g. No finding.
- 1h. No finding.
- 1i. The Department has no written policy on Ethics (not applicable to non-profits).
- 1j. The Department has no written policy on debt service.

Board or Finance Committee, if applicable

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document,
 - b. Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c. Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Finding:

- (a) No findings.
- (b) The minutes do not reference budget to actual comparison.
- (c) Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four (4) additional accounts (or all accounts if less than five(5)). Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Finding:

- (a) Three of the five bank accounts were reconciled more than two (2) months after the closing date.
- (b) No findings
- (c) No findings

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select (5) deposit sites (or all deposits sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Finding:

- 5(a). No finding.
5(b). No finding.
5(c). No finding.
5(d). No finding.
6. No finding.

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

- 7(a). No finding.
- 7(b). No finding.
- 7(c). No finding.
- 7(d). Deposits were not made within one week of the receipt. The treasurer makes deposits every two weeks.
- 7(e). No finding.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations (or all locations if less than five (5)).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two (2) employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

Finding:

- 9(a). No findings.
- 9(b). No findings.
- 9(c). No findings.
- 9(d). No findings.
- 10(a). No findings.
- 10(b). No findings.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-card (cards), for the fiscal period, including the card numbers and the names of the person who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select five (5) cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have ten (10) transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

Finding:

- 12(a). The required documentation was observed. However, due to the size of the organization, the fire chief reviews all credit card transactions, but is also an authorized user.
- 12(b). The organization was assessed a finance charge for interest.
- 13. No finding.

Travel and Expense Reimbursement

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five (5) reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding:

- 14(a). The organization uses reimbursement rate they obtained from Parish Government. The amounts they are using as reimbursements for breakfast, lunch, and dinner is less than the government standard rates.
- 14(b). Not applicable – the organization does not reimburse based on actual costs.
- 14(c). No finding.
- 14(d). No finding.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five (5) contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the five (5) contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Finding:

The only contract the Department has is with the Parish Government.

- a) Not applicable
- b) Not applicable
- c) Not applicable

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one (1) pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Finding:

16. Obtained personnel files for the selected employees. However, the files did not contain employee pay rates. As per the Fire Chief, the authorized pay rates are approved and maintained by the Tangipahoa Parish Council.
- 17(a). No finding.
- 17(b). No finding.
- 17(c). The organization does not have cumulative leave records. They periodically check the scheduling software. As of January 2018 they began tracking leave using an excel spreadsheet.
18. Not applicable.
19. All taxes were paid in a timely manner. However, the L-1 forms were filed late due to an issue with the automatic filings within their payroll software. This issue has been resolved and the delinquent filing penalty has been waived by the Louisiana Department of Revenue.

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

Ethics

20. Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one(1) hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Finding:

- 20(a). observed that four of the five employees had certificates on file.
20(b). The organization does not have a written ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Finding:

21. Not applicable
22. No finding

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listings, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which they entity is domiciled.

The Natalbany Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding:

23. Not applicable
24. No finding

Corrective Action Plan:

We will review the findings with our Board to make the necessary corrections.

I was not engaged to and did not conduct an examination or review, the object of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



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

June 26, 2018