

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**

**Natalbany, Louisiana**

**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**

**Natalbany, Louisiana**

**As of and for the Year Ended December 31, 2019**

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**ANTHONY B. BAGLIO, CPA**  
PRESIDENT

**MEMBER**

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**ANTHONY B. BAGLIO, CPA**

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

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, 2019, 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. 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

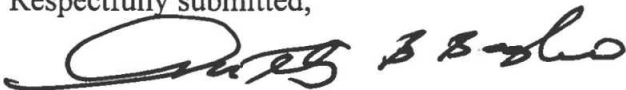
## Opinions

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, 2019, 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 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.

Respectfully submitted,



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

June 25, 2020

**Natalbany Volunteer Fire Department, Inc.**  
**Natablany, Louisiaana**

Statement of Financial Position  
December 31, 2019

**Assets**

**Current Assets**

|  |                |
|--|----------------|
| Cash and Cash Equivalents                    | \$ 701,661     |
| Receivables:                                 |                |
| Fire Protection District No. 2 Contract Fees | 201,549        |
| Prepaid Insurance                            | 12,946         |
| Total Current Assets                         | <u>916,156</u> |

**Restricted Assets**

|  |               |
|--|---------------|
| Restricted Cash and Cash Equivalents       | 20,485        |
| Total Restricted Cash and Cash Equivalents | <u>20,485</u> |

**Property and Equipment**

|                               |                     |
|-------------------------------|---------------------|
| Land                          | 62,562              |
| Buildings                     | 514,684             |
| Building Improvements         | 241,549             |
| Machinery & Equipment         | 320,841             |
| Vehicles                      | 205,373             |
| Total Fixed Assets            | 1,345,009           |
| Less Accumulated Depreciation | (610,552)           |
| Net Property and Equipment    | 734,457             |
| Total Assets                  | <u>\$ 1,671,098</u> |

**Liabilities and Net Assets**

**Current Liabilities**

|                                   |               |
|-----------------------------------|---------------|
| Accounts Payable                  | \$ 9,590      |
| Current Portion of Long-Term Debt | 9,977         |
| Other Payables                    | 868           |
| Payroll Taxes Payable             | 7,929         |
| Deferred Revenue                  | 26,712        |
| Total Current Liabilities         | <u>55,076</u> |

**Noncurrent Liabilities**

|                              |                |
|------------------------------|----------------|
| Note Payable                 | 587,221        |
| Total Noncurrent Liabilities | <u>587,221</u> |
| Total Liabilities            | <u>642,297</u> |

**Net Assets**

|                                  |                     |
|----------------------------------|---------------------|
| Without Donor Restrictions       | 63,567              |
| With Donor Restrictions          | 965,234             |
| Total Net Assets                 | 1,028,801           |
| Total Liabilities and Net Assets | <u>\$ 1,671,098</u> |

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

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**

Statement of Activities  
Year Ended December 31, 2019

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Totals              |
|---|----------------------------------|-------------------------------|---------------------|
| <b>Revenues</b>                         |                                  |                               |                     |
| Rural Fire District No. 2 Contract Fees |                                  |                               |                     |
| Ad Valorem Taxes                        | \$ -                             | \$ 788,808                    | \$ 788,808          |
| Revenue Sharing                         | -                                | 71,064                        | 71,064              |
| Fire Insurance Rebate                   | -                                | 50,525                        | 50,525              |
| Fire Protection - Municipal             | -                                | 4,200                         | 4,200               |
| Dividend - Workers' Compensation        | -                                | 47,922                        | 47,922              |
| Miscellaneous Income                    | -                                | 18,206                        | 18,206              |
| Interest                                | -                                | 13,085                        | 13,085              |
| Rental Income                           | 1,225                            | -                             | 1,225               |
| Supplemental Pay                        | -                                | 18,282                        | 18,282              |
| Training Income                         | 47,975                           | -                             | 47,975              |
| Donations                               | 14,367                           | -                             | 14,367              |
| Net Assets Released From Restrictions:  |                                  |                               |                     |
| Restrictions Satisfied by Payments      | 930,445                          | (930,445)                     | -                   |
| Total Revenues                          | <u>994,012</u>                   | <u>81,647</u>                 | <u>1,075,659</u>    |
| <b>Expenses</b>                         |                                  |                               |                     |
| Firefighting and EMS                    | 861,926                          | -                             | 861,926             |
| Administrative and General              | 48,348                           | -                             | 48,348              |
| Fundraising                             | 20,171                           | -                             | 20,171              |
| Total Expenses                          | <u>930,445</u>                   | <u>-</u>                      | <u>930,445</u>      |
| Change in Net Assets                    | <u>63,567</u>                    | <u>81,647</u>                 | <u>145,214</u>      |
| Net Assets at Beginning of Year         | -                                | 883,587                       | 883,587             |
| Net Assets at End of Year               | <u>\$ 63,567</u>                 | <u>\$ 965,234</u>             | <u>\$ 1,028,801</u> |

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

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**

Statement of Functional Expenses  
Year Ended December 31, 2019

|                                   | <b>Firefighting and<br/>EMS</b> | <b>Administrative<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>      |
|-----------------------------------|---------------------------------|---------------------------------------|--------------------|-------------------|
| <b>EXPENSES:</b>                  |                                 |                                       |                    |                   |
| Accounting and Legal              | \$ -                            | \$ 9,852                              | \$ -               | \$ 9,852          |
| Capital Outlay                    | 13,582                          | -                                     | -                  | 13,582            |
| Depreciation                      | 26,519                          | 18,286                                | -                  | 44,805            |
| Dues and Subscriptions            | -                               | 14,126                                | -                  | 14,126            |
| Drug Testing and Background Check | -                               | 494                                   | -                  | 494               |
| Fees, Charges, and Services       | 4,322                           | -                                     | -                  | 4,322             |
| Fuel                              | 15,116                          | -                                     | -                  | 15,116            |
| Fundraising Expenses              | -                               | -                                     | 5,201              | 5,201             |
| Gear                              | 6,410                           | -                                     | -                  | 6,410             |
| Insurance                         | 63,459                          | -                                     | -                  | 63,459            |
| Interest                          | 21,085                          | -                                     | -                  | 21,085            |
| Meals                             | -                               | -                                     | 252                | 252               |
| Office Supplies                   | -                               | 2,886                                 | -                  | 2,886             |
| Operating Supplies                | 12,366                          | -                                     | -                  | 12,366            |
| Outside Services                  | 505                             | -                                     | -                  | 505               |
| Payroll                           | 526,239                         | -                                     | -                  | 526,239           |
| Payroll Taxes                     | 40,460                          | -                                     | -                  | 40,460            |
| Postage and Freight               | -                               | 1,931                                 | -                  | 1,931             |
| Repairs and Maintenance           | 55,949                          | 332                                   | -                  | 56,281            |
| Rent                              | -                               | 50                                    | -                  | 50                |
| Retirement                        | 4,620                           | -                                     | -                  | 4,620             |
| Supplemental Pay                  | 18,282                          | -                                     | -                  | 18,282            |
| Taxes and Licenses                | -                               | 391                                   | -                  | 391               |
| Telephone                         | 6,032                           | -                                     | -                  | 6,032             |
| Travel and Training               | 75                              | -                                     | 14,718             | 14,793            |
| Uniforms                          | 5,071                           | -                                     | -                  | 5,071             |
| Utilities                         | 23,786                          | -                                     | -                  | 23,786            |
| Workers Compensation              | 18,048                          | -                                     | -                  | 18,048            |
|                                   | <u>\$ 861,926</u>               | <u>\$ 48,348</u>                      | <u>\$ 20,171</u>   | <u>\$ 930,445</u> |

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

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**

Statement of Cash Flows  
Year Ended December 31, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| Increase in Net Assets   | \$ 145,214     |
| Adjustments to Reconcile Increase in Net Assets<br>to Net Cash Provided by Operating Activities: |                |
| Depreciation   | 44,805         |
| (Increase) Decrease in Operating Assets:   |                |
| Receivables  | (6,179)        |
| Increase (Decrease) in Operating Liabilities:  |                |
| Accounts Payable   | (6,793)        |
| Other Payables   | (1,639)        |
| Payroll Taxes Payable  | 79             |
| Deferred Revenue   | 26,712         |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>202,199</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                 |
|---|-----------------|
| Purchase of Property and Equipment      | (11,639)        |
| NET CASH (USED) BY INVESTING ACTIVITIES | <u>(11,639)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                |
|---|----------------|
| Payments on Long-Term Debt              | (9,635)        |
| NET CASH (USED) BY FINANCING ACTIVITIES | <u>(9,635)</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS 180,925

BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH 541,221

ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH \$ 722,146

**SUPPLEMENTAL DISCLOSURES:**

|  |           |
|--|-----------|
| Cash paid during the year for interest | \$ 21,085 |
|--|-----------|

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

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**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 The Rural Fire Protection District No. 2 by contracting an outside CPA firm.

The scope of services provided by Parish Government are 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.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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

- (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.

**Basis of Presentation**

The financial statements of Natalbany Volunteer Fire Department, Inc. have been prepared in accordance with the accounting principles generally accepted in the United States of America. Accordingly, net assets of Natalbany Volunteer Fire Department, Inc. and the changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and 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 Natalbany Volunteer Fire Department, Inc.'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 Natalbany Volunteer Fire Department, Inc.'s 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 District for fire protection services under the cooperative endeavor contract are considered donor restricted.

**Revenue Recognition**

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.

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**Deferred Revenue**

The Natalbany Volunteer Fire Department, Inc. reports deferred revenue on the statement of financial position. Deferred revenue arises when the Natalbany Volunteer Fire Department, Inc. receives resources before it has a legal claim to them. In subsequent periods, when the Organization has a legal claim to those resources, the liability for deferred revenue is removed from the statement of financial position and the revenue is recognized.

**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 to be 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.

**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.



**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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<br/>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, the 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 \$1,225 with related expenses, which were approximately \$2,450 including depreciation. The Department has not filed their federal income tax return for 2019. The organization will not have a tax liability.

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, 2020, the date, which the financial statements were available to be issued.

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**New Accounting Pronouncement**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The 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 returns. Natalbany Volunteer Fire Department, Inc. has adopted ASU-2016-14 for the current year and has been applied retrospectively to beginning net assets with and without donor restrictions. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**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 \$20,485 at December 31, 2019.

**Note C – Cash and Cash Equivalents**

At December 31, 2019, Natalbany had cash and cash equivalents (book balances) totaling \$722,146 as follows:

|                                 |                   |
|---------------------------------|-------------------|
| Operating Accounts              | \$ 658,830        |
| Louisiana Asset Management Pool | 17                |
| General Account                 | 42,814            |
| Reserve Account (Restricted)    | 20,485            |
| Total                           | <u>\$ 722,146</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.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

At December 31, 2019, Natalbany had \$728,108 in deposits (collected bank balances). These demand deposits were secured from risk by \$205,421 of federal deposit insurance and the remaining \$522,687 of pledged securities. The \$522,687 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, 2019, 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, 2019, 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.

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.
- 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, 2019 and are summarized as follows:

|  |                   |
|--|-------------------|
| Rural Fire Protection District No. 2 Contract Fees | \$ 201,549        |
| Total  | <u>\$ 201,549</u> |

No allowance for uncollectible accounts is required at December 31, 2019.

**Note E – Property and Equipment**

Fixed assets and depreciation as of and for the year ended December 31, 2019:

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

|  | 12/31/18   | Increases   | Decreases | 12/31/19   |
|--|------------|-------------|-----------|------------|
| <b>Fixed assets not being depreciated:</b> |            |             |           |            |
| Land                                       | \$ 62,562  | \$ -        | \$ -      | \$ 62,562  |
| Total fixed assets not being depreciated   | 62,562     | -           | -         | 62,562     |
| <b>Fixed assets being depreciated:</b>     |            |             |           |            |
| Buildings                                  | 504,522    | 10,162      | -         | 514,684    |
| Building Improvements                      | 241,549    | -           | -         | 241,549    |
| Machinery & Equipment                      | 319,364    | 1,477       | -         | 320,841    |
| Vehicles                                   | 205,373    | -           | -         | 205,373    |
| Total fixed assets being depreciated       | 1,270,808  | 11,639      | -         | 1,282,447  |
| Less accumulated depreciation for          |            |             |           |            |
| Buildings                                  | 44,809     | 1,121       | -         | 45,930     |
| Building Improvements                      | 109,173    | 18,286      | -         | 127,459    |
| Machinery and Equipment                    | 338,934    | 18,696      | -         | 357,630    |
| Vehicles                                   | 72,831     | 6,702       | -         | 79,533     |
| Total accumulated depreciation             | 565,747    | 44,805      | -         | 610,552    |
| Fixed assets being depreciated, net        | 705,061    | (33,166)    | -         | 671,895    |
| Total fixed assets, net                    | \$ 767,623 | \$ (33,166) | \$ -      | \$ 734,457 |

Depreciation expense for the year ended December 31, 2019 was \$44,805.

**Note F – Note Payable**

On December 13, 2012 the Natablany Volunteer Fire Department, Inc. 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.

**Natalbany Volunteer Fire Department, Inc.**  
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**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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>    |
|-------------|------------------|
| 2020        | \$ 9,977         |
| 2021        | 10,332           |
| 2022        | 10,699           |
| 2023        | 11,080           |
| 2024        | 11,474           |
| 2025-2052   | <u>543,636</u>   |
|             | <u>\$597,198</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 percent of gross wages per pay-period. In 2019, the maximum contribution amount is 100% of compensation or \$19,000, 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 2019) into the 457(b) Plan. Employer contributions for the fiscal year ending December 31, 2019 totaled \$4,620.

**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.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

| <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:

|           |    |              |
|-----------|----|--------------|
| 2020      | \$ | 50           |
| 2021      |    | 50           |
| 2022      |    | 50           |
| 2023      |    | 50           |
| 2024      |    | 50           |
| 2025-2042 |    | <u>900</u>   |
|           | \$ | <u>1,150</u> |

**Note J – Donated Materials and Services**

Natalbany Volunteer Fire Department, Inc. 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.**  
**Natalbany, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

No amounts have been reflected in the 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, 2019, 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 \$18,282 for the year ended December 31, 2019, of on behalf payments as revenue and as expenditures on the statement of activities.

**Note L – Net Assets with Donor Restrictions**

Appropriations from Rural Fire District No. 2 are considered donor 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 M - Concentrations**

During the year ended December 31, 2019, \$993,812, or 93%, of the Department's gross revenues were derived from appropriations from the Tangipahoa Parish Rural Fire Protection District No. 2.



## OTHER SUPPLEMENTAL INFORMATION

**Natalbany Volunteer Fire Department, Inc.**  
**Natalbany, Louisiana**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**As of and for the Year Ended December 31, 2019**

**Agency Head Name: Frank B. Gerarve, Fire Chief**

| <u>Purpose</u>                                      | <u>Compensation<br/>Received</u> |
|---|----------------------------------|
| Salary  | \$ 50,065                        |
| Benefits – Insurance                                | 63                               |
| Deferred Compensation (match paid by agency)        | 2,265                            |
| Social Security and Medicare (match paid by agency) | <u>3,830</u>                     |
| Total   | <u>\$ 56,223</u>                 |

See Independent Auditor's report.

## OTHER INDEPENDENT AUDITOR'S REPORT AND FINDINGS



## ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

June 25, 2020

**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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 25, 2020

### **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. 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.

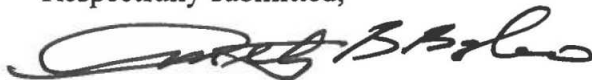
### **Compliance and Other Matters**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Respectfully submitted,



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

June 25, 2020

**NATABLANY VOLUNTEER FIRE DEPARTMENT, INC.**  
**Natalbany, Louisiana**

**Schedule of Current Year Findings**

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**  
**Natalbany, Louisiana**

Schedule of Current Year Audit Findings  
For the Year Ended December 31, 2019

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

I have audited the financial statements of the Natalbany Volunteer Fire Department, Inc., Natalbany, Louisiana as of and for the year ended December 31, 2019, and have issued my report thereon dated June 25, 2020. 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. My audit of the financial statements as of December 31, 2019 resulted in an unqualified opinion.

**Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified not  
considered to be material weaknesses? ☐ Yes ☒ No

**Compliance**

Noncompliance material to financial  
statement noted? ☐ Yes ☒ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

No Findings

**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, 2019

|        | Fiscal Year<br>Finding |                           | Management's<br>Corrective | Planned Corrective<br>Action/Partial<br>Corrective |
|--------|------------------------|---------------------------|----------------------------|--|
| Ref No | Initially<br>Occurred  | Description of<br>Finding | Action<br>Taken            | Action Taken                                       |

**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**

N/A

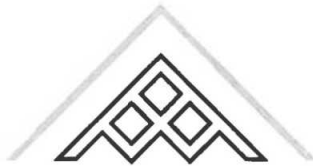
**Section III – Management Letter**

No Findings for Section III

**ANTHONY B. BAGLIO, CPA**  
PRESIDENT

**MEMBER**

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants



**ANTHONY B. BAGLIO, CPA**

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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, 2019 – December 31, 2019. 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
  - 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) **Disbursements**, including processing, reviewing, and approving

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

- 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 ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Result:**

- (a) The organization follows the state budget law
- (b) The organization follows the procedures establish with their contract with The Fire District, except for Volunteer monies where there are no written policies.
- (c) The organization follows the procedures establish with their contract with The Fire District, except for Volunteer monies where there are no written policies.
- (d) The organization follows the procedures establish with their contract with The Fire District, except for Volunteer monies where there are no written policies.
- (e) The organization has no written policies on payroll processing, reviewing, and approving time and attendance records.

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

- (f) The organization follows the procedures with their contract with The Fire District.
- (g) The organization does have procedures and controls in place, but they are not written.
- (h) No finding.
- (i) Not applicable to non-profits, but they do yearly ethics training.
- (j) The organization follows the procedures established with their contract with The Fire District.
- (k) The organization follows the procedure established with their contract with The Fire District except there is no written procedure at their local office.

***Board or Finance Committee***

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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 that 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) For those entities reporting on the governmental accounting model, 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

***Bank Reconciliations***

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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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 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 12 months from the statement closing date, if applicable.

**Result:**

- (a) Three of the five bank accounts selected were reconciled within 2 months after the closing date**
- (b) Bank reconciliations do not include evidence that each bank reconciliation was reviewed. However, every bank reconciliation was presented and approved in the treasurer's report during the monthly meetings.**
- (c) Not applicable**

***Collections (excluding EFTs)***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit 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 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:
  - 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.

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

7. Randomly select two deposit dates for each of the 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 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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

***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 5 locations (or all locations if less than 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 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two 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.



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

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 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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

***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-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 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 (or electronically approved), 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 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 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**12 (a) No Findings**

**12(b) No Findings**

**13. No Findings**

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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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 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 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](http://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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

***Contracts***

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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 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.



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- 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 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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

***Payroll and Personnel***

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- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 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 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:
  - 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' cumulate 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.

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**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

### ***Ethics***

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20. Using the 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 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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

### ***Debt Service***

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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 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

### ***Other***

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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 listing, 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 the entity is domiciled.

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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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**Corrective Action Plan:**

We will review all 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.

Respectfully submitted,



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

June 25, 2020