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NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPALOA PARISH FIRE PROTECTION DISTRICT NO. 2
Financial Statements and Independent Auditor's Report
Year Ended December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 16 1998

Anthony H. Baglio, C.P.A., A.P.A.C.
Certified Public Accountants

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPARUA PARISH FIRE PROTECTION DISTRICT NO. 2
 Year Ended December 31, 1997
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ANTHONY B. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
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Hammond, Louisiana 70403
(504)842-4155

INDEPENDENT AUDITOR'S REPORT

The Honorable Emmett J. Perilloux, Fire Chief
and Members of the Board of Directors
Natchitoches Volunteer Fire Department, Inc.
Natchitoches, Louisiana

I have audited the accompanying statement of financial position of Natchitoches Volunteer Fire Department, Inc. (Natchitoches) (a non-profit organization) as of December 31, 1997, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above include only the funds appropriated by Tangipahoa to Natchitoches, plus certain other transactions. The statements are intended to allow Tangipahoa to monitor the use and application of appropriated funds and should not be used for any other purpose.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position resulting from appropriations and certain other transactions of Natchitoches as of December 31, 1997, and the changes in its net assets and its cash flows arising from appropriations and certain other transactions for the year then ended in conformity with general accepted accounting principles.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated June 18, 1998, on my consideration of Natchitoches's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.


Hammond, Louisiana

June 18, 1998

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2
 Statement of Financial Position
 Arising from Appropriations and Certain Other Transactions
 December 31, 1997

ASSETS

Current assets:	
Cash and cash equivalents	\$ 79,688
Investment in certificate of deposit	3,891
Receivable – parish allocation	64,967
Prepaid insurance	1,693
Total current assets	<u>150,249</u>
Restricted assets:	
Security deposits	435
Investment in certificate of deposit	7,878
Total restricted assets	<u>8,313</u>
Property plant and equipment:	
Insured vehicle	25,000
Less: accumulated depreciation	(22,667)
Net property plant and equipment	<u>2,333</u>
Other assets	
Security deposit	1,204
Total other assets	<u>1,204</u>
TOTAL ASSETS	<u>\$ 162,099</u>

See accompanying notes to financial statements.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2
 Statement of Financial Position
 Arising from Appropriations and Certain Other Transactions
 December 31, 1997

LIABILITIES & NET ASSETS

Current liabilities:	
Accounts payable	\$ 4,482
Accrued salaries & related benefits	8,437
Payroll taxes payable	3,685
Security deposits payable	690
Current portion long-term debt	10,005
Total current liabilities	24,319
Long-term liabilities:	
Notes payable	40,317
Total long-term liabilities	40,317
Net assets:	
Temporarily restricted	95,221
Unrestricted	2,338
Total net assets	97,559
TOTAL LIABILITIES & NET ASSETS	<u>\$ 152,093</u>

See accompanying notes to financial statements.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2**

Statement of Activities
Year Ended December 31, 1997

	Unrestricted	Temporarily Restricted	Total
REVENUES, AND OTHER SUPPORT			
Support & revenue			
Parish allocation		\$ 134,932	\$ 134,932
2% Fire rebate		12,608	12,608
Parish council			
Revenue sharing		21,396	21,396
State rev. sharing - payroll		9,570	9,570
Insurance reimbursement		1,160	1,160
Miscellaneous income		571	571
Weyburner EMS donation		2,200	2,200
Interest		2,135	2,135
Total support and revenue		<u>204,410</u>	<u>204,410</u>
EXPENSES			
Program expenses			
Bank charges		58	58
Capital expenditures		19,689	19,689
Capital exp. - bldg. #2		5,625	5,625
Depreciation	7,000		7,000
Fees and subscriptions		348	348
Employee benefits		1,873	1,873
Gas and oil		4,258	4,258
Insurance - liability		25,890	25,890
Interest		3,498	3,498
Auxiliary		160	160
Office supplies		1,700	1,700
Outside services		150	150
Payroll taxes		5,764	5,764
Postage and freight		499	499
Professional fees		5,425	5,425
Rent		120	120
Repairs - trucks		11,826	11,826

See accompanying notes to financial statements.

**NATALIANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHIA PARISH FIRE PROTECTION DISTRICT NO. 2**

Statement of Activities
Year Ended December 31, 1997

	Unrestricted	Temporarily Restricted	Total
Repairs and maintenance			
Radio equipment		3,622	3,622
Tire cost		120	120
Salaries & wages		72,155	72,155
Supplies – station		2,133	2,133
Supplies – EMS/Tire			
Prevention		795	795
Telephones		3,268	3,268
Training		448	448
Tire cost gear		3,288	3,288
Uniforms		682	682
Utilities		3,873	3,873
Total expenses	7,800	175,828	182,428
Change in net assets	(7,800)	28,982	21,982
Net assets at beginning of year	9,333	66,239	75,572
Net assets at end of year	\$ 2,333	\$ 95,221	\$ 97,554

See accompanying notes to financial statements.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHONA PARISH FIRE PROTECTION DISTRICT NO. 2**

Statement of Cash Flows
Year Ended December 31, 1997

OPERATING ACTIVITIES:	
Change in net assets	\$ 21,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,000
(Increase) decrease in operating assets:	
Fixed assets	51,005
Prepaid insurance	18
Income (decrease) in operating liabilities:	
Accounts payable	896
Accrued salaries	3,241
Accrued payroll taxes payable	1,160
Sundry deposits payable	300
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>85,545</u>
INVESTING ACTIVITIES:	
Increase in restricted assets	(10)
Increase in investments	(568)
NET CASH USED IN INVESTING ACTIVITIES	<u>(578)</u>
FINANCING ACTIVITIES:	
Repayment of long-term debt	(9,375)
Repayment of short-term debt	(5,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(14,375)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,592
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,127
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 79,685</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	<u>\$ 3,408</u>

See accompanying notes to financial statements.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2

Notes to Financial Statements

December 31, 1997

1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Natalbany Volunteer Fire Department, Inc. (Natalbany) and nine other fire departments comprise Tangipahola Parish Fire Protection District No. 2 (Tangipahola). Tangipahola receives ad valorem taxes, state revenue sharing, and 2 per cent fire insurance related 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 Fire Protection District No. 2.

The annual agreement provides that the appropriation of revenue from Tangipahola 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 disburse the appropriations exclusively for the purposes of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries. The agreement additionally requires the individual fire departments to present quarterly statements of funds received and expended.

The accompanying financial statements present only the financial activities of Natalbany arising from appropriations of Tangipahola, and certain other revenues. The financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

Financial Statement Presentation

As of December 31, 1997 Natalbany Volunteer Fire Department, Inc. (Natalbany) adopted statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117, Natalbany is required 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, Natalbany is required to present a statement of cash flows. As permitted by the statement, Natalbany has discontinued its use of fund accounting.

Contributions

Natalbany has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2
Notes to Financial Statements (Continued)
December 31, 1997

Income Taxes

Natalbany is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Natalbany is classified by the Internal Revenue Service as other than a private foundation.

Investments

Natalbany invests some of its available cash in Certificates of Deposit (CDs) for 12 months. Time deposits with remaining maturities of 90 days or more are considered to be investments. Natalbany maintains its CDs with domestic depositories. At December 31, 1997, Natalbany had a certificate of deposit valued at \$7,878, issued September 07, 1997 and maturing on September 07, 1998, bearing interest at a rate of 3.00%. Natalbany had a second certificate of deposit valued at \$5,893, issued September 07, 1997 and maturing on September 07, 1998, bearing interest at a rate of 3.00%. Both certificates of deposit are considered to be investments and were insured through the Federal Deposit Insurance Corporation (FDIC). Investments are carried at cost which approximates market.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Natalbany considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corporation (FDIC).

Property and Equipment

It is Natalbany's policy to expense all assets purchased with appropriations from Tangipahola because they are owned by Tangipahola as stated in the contract between Tangipahola and the ten individual fire departments. Fixed assets are expensed at the time of purchase. 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 these 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 depreciated using straight-line method.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION INSTRUCT NO. 2
Notes to Financial Statements (Continued)
December 31, 1997

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 these estimates.

3 - PROPERTY AND EQUIPMENT

On April 23, 1993, Natalbany Volunteer Fire Department, Inc. (Natalbany) was donated a fire truck with an appraised value of \$35,000. The fire truck is being depreciated over 5 years using the straight-line method. The depreciation expense for the donated truck is \$7,000.

5 - RETIREMENT SYSTEM

Employees of Natalbany Volunteer Fire Department, Inc. (Natalbany) participate in the Social Security System. Natalbany uses appropriations from Tangipahola to provide the employer matching portions of the social security contribution. Neither Natalbany nor Tangipahola has any liability for employee pension benefits. Full-time employees, excluding the Chief, are also participating in a retirement program purchased through a life insurance company. Natalbany pays the monthly premiums on the retirement policy. However, neither Natalbany nor Tangipahola have any liability for pension benefits paid upon retirement. Total retirement expense for the year ended December 31, 1997 was \$682.

4 - VACATION AND SICK LEAVE

Depending on their length of service, full-time employees of Natalbany Volunteer Fire Department, Inc. earn seven to fourteen days of vacation leave each year. Unused vacation leave expires at the end of each year. Sick leave is granted by the board on an individual basis.

5 - LONG-TERM OBLIGATIONS

Natalbany Volunteer Fire Department, Inc. (Natalbany) obtained a loan through the Community Facilities Loans Program from the Farmers Home Administration, United States Department of Agriculture, totaling \$90,000, on October 22, 1982. The loan is payable in two hundred thirty nine consecutive monthly installments of \$294, at an interest rate of 9%. The loan is collateralized by a chattel mortgage dated June 16, 1983 on one 1983 F-702 Ford fire truck and its related equipment. Natalbany has also pledged and assigned all of its income of whatever nature and/or source to the faithful payment and security for the payment of the mortgage. The loan was sold to General Electric Capital Corporation (GECC) in 1987. At December 31, 1997, the balance of this loan was \$33,994. Of this amount, \$30,473 represents long term debt. Total interest expense for the year ended December 31, 1997 was \$1,863.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2**

Notes to Financial Statements (Continued)

December 31, 1997

Maturities on long term debt are as follows:

Year ended December 31	Amount
1999	\$ 5,204.
2000	6,803.
2001	6,316.
2002	6,647.
2003	5,805.
	<hr/>
	\$30,475.

On October 31, 1995, Natalbany obtained an additional loan from Community State Bank in the amount of \$23,825. The proceeds from this loan were used to build a second fire station and is payable over a five year period with monthly payments of \$495. At December 31, 1997, the balance of this loan was \$14,948. Of this amount, \$9,844 represents long term debt. Total interest expense for the year ended December 31, 1996 was \$1,325. The loan was recorded to GbtAC in December 1997.

Maturities on long term debt are as follows:

Year ended December 31	Amount
1999	\$9,948
2000	4,904
	<hr/>
	\$9,844

6 - RESTRICTED NET ASSETS

The net assets are restricted to the same donor restrictions placed on the appropriations by Tangipahola Parish Fire Protection District No. 2, namely funds may only be expended for the purpose of operating, maintaining, and/or purchasing of equipment and supplies subject to the public bid law for Natalbany. Additionally, the money may be expended for salaries if approved by Tangipahola.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2

Notes to Financial Statements (Continued)

December 31, 1997

7- LEASES

Natalbany is subleasing the land on which the fire station sits from Tangipahola, a related party. Tangipahola has the lease with a corporation for 35 years with an option to renew for an additional 25 years for \$50 per year. The lease began on April 06, 1961. All terms of Tangipahola's lease with the corporation are binding on Natalbany. The lease requires Natalbany to pay property taxes on the property. The property reverts to the corporation at the expiration of the lease. The rental expense for the current year is \$50.

The future minimum lease payments are as follows:

1998	\$ 50.
1999	50.
2000	50.
2001	50.
2002-2005	200.

	\$400.

In a separate lease agreement, Natalbany is subleasing from Tangipahola, a related party, land on which a second fire station was created. Tangipahola has the lease with an individual for 50 years with an option to renew for an additional 50 years for \$30 per year. The lease began on June 24, 1992. All terms of Tangipahola'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 \$48.

The future minimum lease payments are as follows:

1998	\$ 50.
1999	50.
2000	50.
2001	50.
2002	50.
2003-2043	2,000.

	\$2,250.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2
Notes to Financial Statements (Continued)
December 31, 1997

8 - RESERVE REQUIREMENTS

The loan covenant requires reserve account transfers from the general operating account at a rate of not less than \$64, monthly to the reserve account until the reserve account reaches the sum of \$7,128.

Reserved Certificate of Deposit	\$7,876.
Deposits Required	7,128.

Overfunded @ 12/31/97	\$ 748.

9 - CONTRACTS

Natalbany, has entered into an agreement with Bell South Mobility in which employees of the Natalbany Fire Department are eligible to obtain cellular phone services under a governmental rate plan. Natalbany acts as an agent for the employees. All bills will be sent to the agency's address not forth by the agency's office, dated and separated by mobile phone numbers. It is the agent's responsibility to distribute the phone bills to the applicable employees and receive reimbursement. The Natalbany Fire Department holds full responsibility for all air time, access charges, and any other applicable fees due and payable to Bell South Mobility. Natalbany requires all employees applying for the cellular phone service to pay a deposit of \$100 to be used as reimbursement in case of forfeiture. At December 31, 1997 the cellular phone security deposit account had a balance of \$800.

10 - 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.

No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Natalbany's program services.

Internal Control Structure and Compliance Report
December 31, 1997

ANTHONY R. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2811 Lee Street
Hammond, Louisiana 70403
(504)942-4135

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

The Honorable Ernest J. Perilloux, Fire Chief
and Members of the Board of Directors
Natchitoches Volunteer Fire Department, Inc.
Natchitoches, Louisiana

I have audited the financial statements of Natchitoches Volunteer Fire Department, Inc.(Natchitoches)a non-profit organization) as of and for the year ended December 31, 1997, and have issued my report thereon dated June 18, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Natchitoches Volunteer Fire Department, Inc. financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that is required to be reported under *Government Auditing Standards*. However, I noted a certain immaterial instance of noncompliance that I have reported to Natchitoches Volunteer Fire Department, Inc. management in a separate letter dated June 19, 1998.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Natchitoches's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be of

material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses. However, I noted a matter involving the internal control over financial reporting that I have reported to management of Natchitoches, in a separate letter dated June 19, 1998.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is a matter of public record and its distribution is not limited.


Harold C. Anderson
June 19, 1998

Supplemental Information Schedules

NATALRANT VOLUNTEER FIRE DEPARTMENT, INC.
TANQUARRIA PARISH FIRE PROTECTION DISTRICT NO. 2
Supplemental Information Schedules
As of and for the Year Ended December 31, 1997

CURRENT YEAR AUDIT FINDINGS

The current year audit finding is reflected in schedule 1.

PRIOR AUDIT FINDINGS

The follow-up and corrective actions taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 2).

CURRENT AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 3.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC. Schedule 61
YANGIPARBA PARISH FIRE PROTECTION DISTRICT NO. 2**

Current Year Audit Finding

As of and for the Year Ended December 31, 1997

No current year audit finding.

NATALIANY VOLUNTEER FIRE DEPARTMENT, INC Schedule 2
TANGIPAHOLA PARISH FIRE PROTECTION DISTRICT NO. 2
 Summary Schedule of Prior Audit Findings
 As of and for the Year Ended December 31, 1997

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
Internal Control Report	Dec-96	No Adequate segregation of duties	None	Would not be cost beneficial since there is only one person in office	None

NATALIANS' VOLUNTEER FIRE DEPARTMENT, INC Schedule 3
TANGIYAHDA PARISH FIRE PROTECTION DISTRICT NO. 2

Corrective Action Plan for Current Year Audit Findings

As of and for the Year Ended December 31, 1997

Ref. No.	Fiscal Year Finding Initially Occurred.	Description of Finding	Corrective Action Taken (Yea, No, Partially)	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Man. Ltr	Dec-97	No Adequate Segregation of duties	None	Would not be cost beneficial since there is only one person in office	Erin Peribon	N/A
Man. Ltr.	Dec-97	Deposits were not consistently being made daily throughout the year	Will work to correct the problem		Erin Peribon	1-Jul-98

Management Letter

December 31, 1997

ANTHONY B. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2811 Rac Street
Hammond, Louisiana 70403
(504)342-4133

MANAGEMENT LETTER

The Honorable Ernest J. Perilloux, Fire Chief
and Members of the Board of Directors
Natchitoches Volunteer Fire Department, Inc.
Natchitoches, Louisiana

Gentlemen:

In planning and performing my audit of the financial statements of the Natchitoches Volunteer Fire Department, Inc. for the year ended December 31, 1987, I considered the Natchitoches Volunteer Fire Department's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters, involving the internal control structure and other operational matters that are presented for your consideration. I previously reported on the Natchitoches Volunteer Fire Department's internal control structure in my report dated June 19, 1988. This letter does not affect my report dated June 19, 1988, on the financial statements of Natchitoches Volunteer Fire Department, Inc.

I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

BANK DEPOSITS

It was noted during the audit that deposits were not being made daily or shortly thereafter. I would recommend that deposits should be made as soon as possible after funds are received, preferably the same day.

SEGREGATION OF DUTIES

It was noted that there was not an adequate segregation of duties and other features of an adequate system of internal control. It would not be cost beneficial for Natatony to employ such controls.

I would like to thank you for the helpful cooperation I received during my audit.

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Thibodaux, Louisiana

June 18, 1988