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NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Financial Statements and Independent Auditor's Report
As of and for the Year Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-4-04

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

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
As of and for the Year Ended December 31, 2003
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ANTHONY B. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
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INDEPENDENT AUDITOR'S REPORT

The 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 statement of financial position of Natalbany Volunteer Fire Department, Inc. (Natalbany) (a nonprofit organization) as of December 31, 2003, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Natalbany, 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 Natalbany as of December 31, 2003, 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 accounting principles generally accepted in the United States of America.

The Honorable Frank B. Gerarve, Fire Chief
Independent Auditor's Report
June 21, 2004
Page 2

In accordance with *Government Auditing Standards*, I have also issued my report dated June 21, 2004, on my consideration of Natalbany's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Natalbany Volunteer Fire Department, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Anthony B. Baglio, CPA
A Professional Accounting Corporation

June 21, 2004

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Financial Position
Arising from Appropriations and Certain Other Transactions
December 31, 2003

ASSETS:

Current Assets

Cash and cash equivalents	\$ 113,841
Receivable - parish allocation	59,711
Receivable - revenue sharing	18,303
Prepaid insurance	5,209
	<hr/>
Total current assets	197,064
TOTAL ASSETS	<u><u>\$ 197,064</u></u>

The accompanying notes are an integral part of this statement.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Financial Position

Arising from Appropriations and Certain Other Transactions

December 31, 2003

LIABILITIES & NET ASSETS:

Current Liabilities

Accounts payable	\$ 6,313
Accrued salaries & related benefits	8,537
Payroll taxes payable	4,450
Garnishment payable	182

Total current liabilities 19,482

Net assets

Temporarily restricted	177,582
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Total net assets 177,582

TOTAL LIABILITIES & NET ASSETS \$ 197,064

The accompanying notes are an integral part of this statement.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Activities and Changes in Net Assets
Arising from Appropriations and Certain Other Transactions
Year Ended December 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Public Support & Revenue			
Parish allocation	\$ -	\$ 282,142	\$ 282,142
2% Fire rebate	-	19,940	19,940
Parish council revenue sharing	-	53,861	53,861
Weyerhaeuser donation	-	1,000	1,000
Miscellaneous income	-	240	240
Interest	-	964	964
Supplemental pay income	-	6,860	6,860
Net assets released from restrictions:			
Restrictions satisfied by payments	358,907	(358,907)	-
Total Public Support & Revenue	<u>\$ 358,907</u>	<u>\$ 6,100</u>	<u>\$ 365,007</u>
Expenses			
Capital expenditures	\$ 58,445	\$ -	\$ 58,445
Debt service - interest	3,956	-	3,956
Debt service - principal	30,000	-	30,000
Dues and subscriptions	337	-	337
Employee benefits	2,340	-	2,340
Gas and oil	4,404	-	4,404
Insurance - liability	32,070	-	32,070
Janitorial	110	-	110
Meals	395	-	395
Nondeductible items	18	-	18
Office Supplies	1,749	-	1,749
Payroll taxes	11,279	-	11,279
Postage and freight	317	-	317
Professional fees	7,326	-	7,326
Rent	100	-	100
Repairs - trucks	15,346	-	15,346
Repairs - radio equipment	1,850	-	1,850
Rescue equipment and repairs	4,327	-	4,327
Salaries and wages	147,433	-	147,433
Salaries - supplemental pay	6,860	-	6,860
Supplies - station	2,763	-	2,763
Supplies - EMS/fire prevention	1,575	-	1,575
Taxes and licenses	28	-	28
Telephone	6,523	-	6,523
Training	6,030	-	6,030

The accompanying notes are an integral part of this statement.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Activities and Changes in Net Assets
Arising from Appropriations and Certain Other Transactions
Year Ended December 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Travel and entertainment	374	-	374
Turn out gear	3,737	-	3,737
Uniforms	2,056	-	2,056
Utilities	7,159	-	7,159
Total Expenses	<u>358,907</u>	<u>-</u>	<u>358,907</u>
Change in net assets	-	6,100	6,100
Net assets at beginning of year	-	171,482	171,482
Net assets at end of year	<u>\$ -</u>	<u>\$ 177,582</u>	<u>\$ 177,582</u>

The accompanying notes are an integral part of this statement.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Cash Flows

Arising from Appropriations and Certain Other Transactions

Year Ended December 31, 2003

OPERATING ACTIVITIES

Change in net assets	\$ 6,100
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets	
Receivables	(11,903)
Prepaid insurance	(172)
Security deposit	1,204
Increase (decrease) in operating liabilities	
Accounts payable	(2,810)
Accrued salaries	1,049
Accrued payroll taxes payable	1,683
Garnishment payable	182
Insurance payable	(813)
NET CASH USED BY OPERATING ACTIVITIES	<u>(5,480)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,480)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	119,321
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>113,841</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	<u><u>\$ 3,956</u></u>

The accompanying notes are an integral part of this statement.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions
December 31, 2003

INTRODUCTION

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 exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. 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 entire Third Ward in said 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. In recent years 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. The agreement additionally requires the individual fire departments to present quarterly statements of funds received and expended to the Rural Fire Protection District No. 2.

1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the financial activities of Natalbany arising from appropriations received from Rural Fire Protection District No. 2,

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements Limited to
Appropriation and Certain Other Transactions (Continued)
December 31, 2003

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.

A. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements 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.

B. Support And Revenues

Support consists primarily of appropriations received from Rural Fire Protection District No. 2 of Tangipahoa Parish from ad valorem taxes, state revenue sharing funds and fire insurance rebate funds received by the Rural Fire Protection District No. 2. 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. The ad valorem tax allocation is established in January of each year and disbursed by Rural Fire Protection District No. 2 on a quarterly basis. State revenue sharing and fire insurance rebate funds are disbursed to participating fire departments by Rural Fire Protection District No. 2 as the funds become available. As a result, ad valorem taxes and interest income is recognized as income in the period earned. State revenue sharing funds, fire insurance rebate funds and all other revenues are recognized as income when received.

C. 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.

D. 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).

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions (Continued)

December 31, 2003

E. Fair Values of Financial Instruments

Natalbany's financial instruments, none of which are held for trading purposes, include 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 approximate fair value because of the short maturities of those instruments.

F. 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. 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 those donated assets must be maintained, Natalbany reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Natalbany reclassifies temporarily restricted net assets to unrestricted net assets at that time.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2 – CASH AND CASH EQUIVALENTS

At December 31, 2003, Natalbany had cash and cash equivalents totaling \$113,841 as follows:

Operation account	\$ 73,789
Truck & equipment	40,001
Petty cash	<u>51</u>
Total	<u>\$113,841</u>

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

**Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions (Continued)
December 31, 2003**

At December 31, 2003, Natalbany had \$ 114,579 in deposits (collected bank balances). These deposits are secured from risk by \$ 100,000 of federal deposit insurance and \$ 14,579 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

For purposes of the statement of cash flows, Natalbany considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

3 – 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 Fire Protection District No. 2 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 Rural Fire Protection District No. 2 have any liability for pension benefits paid upon retirement. Total retirement expense for the year ended December 31, 2003, was \$1,200.

4 – VACATION AND SICK LEAVE

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

<u>12 Hour Shift</u>		<u>24 Hour Shift</u>	
<u>Years of Service</u>	<u>Vacation Hours</u>	<u>Years of Service</u>	<u>Vacation Hours</u>
1	48	1	72
3 or more	96	3 or more	144

<u>12 Hour Shift</u>		<u>24 Hour Shift</u>	
<u>Years of Service</u>	<u>Sick Hours</u>	<u>Years of Service</u>	<u>Sick Hours</u>
1 or more	48	1 or more	72

Unused vacation and sick leave expires at the end of each year. Additional sick leave is granted by the board on an individual basis.

5 – LEASES

Natalbany is subleasing the land on which the first fire station is located from Rural Fire Protection District No. 2, a related party. Rural Fire Protection District No. 2 has the lease with a corporation for 25 years with an option to renew for an additional 25 years for \$50 per year. The lease began on April 01, 1981. All terms of Rural Fire Protection District No. 2's lease with the

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions (Continued)
December 31, 2003

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:

2004	\$ 50
2005	<u>50</u>
	<u>\$ 100</u>

In a separate lease agreement, 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:

2004	\$ 50
2005	50
2006	50
2007	50
2008	50
2009-2044	<u>1,700</u>
	<u>\$ 1,950</u>

6 – 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 since the information was not available. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Natalbany's program services.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions (Continued)
December 31, 2003

7 – ON BEHALF PAYMENTS MADE BY STATE OF LOUISIANA

For the year ended December 31, 2003, 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 \$6,860 for the year ended December 31, 2003, of on behalf payments as revenue and as expenditures on the statement of activities.

8 – APPROPRIATIONS FROM LOAN PROCEEDS

In 2002, Rural Fire Protection District No. 2 borrowed \$ 125,000 on Certificates of Indebtedness, Series 2002 to be used by Natalbany to purchase a new fire truck.

There were two certificates of indebtedness issued. Certificate R-1-4 is for \$ 107,000 between the Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-5 is for \$ 18,000 between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 1996 through 2005.

There is no contractual agreement that requires Natalbany to repay this indebtedness to the Rural Fire Protection District No. 2. However, Natalbany is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2003, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2002 were as follows:

	<u>Balance</u> <u>12/31/02</u>	<u>Payments</u> <u>FYE 12/31/03</u>	<u>Balance</u> <u>12/31/03</u>
Cert. No. R-1-4	\$107,000	\$30,000	\$77,000
Cert. No. R-5	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Totals	<u>\$125,000</u>	<u>\$30,000</u>	<u>\$95,000</u>

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions (Continued)
December 31, 2003

9 - COMPLIANCE WITH LAWS

Natalbany did not comply with the cash management laws.

ANTHONY B. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2011 Rue Simone
Hammond, Louisiana 70403
(985) 542-4155

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

I have audited the financial statements of Natalbany Volunteer Fire Department, Inc. (Natalbany) (a non-profit organization) as of and for the year ended December 31, 2003, and have issued my report thereon dated June 21, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Natalbany 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of current year audit findings as item 03-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Natalbany'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. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or

The Honorable Frank B. Gerarve, Fire Chief
Internal Control over Financial Reporting
June 21, 2004
Page 2

operation of the internal control over financial reporting that, in my judgment, could adversely affect Natalbany's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of current year audit findings as item 03-2.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider reportable condition 03-2 to be a material weakness.

This report is intended solely for the information and use of the audit committee, management, and the Louisiana Legislative Auditor. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Anthony B. Baglio, CPA
A Professional Accounting Corporation

June 21, 2004

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Supplemental Information Schedules

As of and For the Year Ended December 31, 2003

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Prior Year Audit Findings

Year Ended December 31, 2003

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Management's Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
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Section I - Compliance

NO PRIOR YEAR AUDIT FINDINGS

Section II - Internal Control

NO PRIOR YEAR AUDIT FINDINGS

Section III - Management Letter

NO PRIOR YEAR AUDIT FINDINGS

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Schedule of Current Year Audit Findings
Year Ended December 31, 2003

COMPLIANCE

FINDING NO. 03-1

Cash Management Laws

Natalbany is not comparing balance per bank at the end of each month to the pledged securities report from the bank to determine if cash is properly secured. LSA-RS39:1218-19 requires all amounts deposited in bank accounts to be secured by federal deposit insurance or the pledging of securities owned by the fiscal agent bank.

In August, Natalbany's balance per bank was \$ 190,415. Natalbany was insured by \$ 100,000 of federal deposit insurance and \$ 75,000 of pledged securities by their fiscal agent bank. Natalbany had unsecured deposits of \$ 15,415.

It is recommended Natalbany compare the balance per bank at the end of each month to the pledged securities report from the fiscal agent bank to insure that cash is adequately collateralized. Natalbany needs to be sure the bank is also monitoring the securities that are being pledged for the deposits.

INTERNAL CONTROL

FINDING NO. 03-2

Records For All Minutes Were Not Available

During the audit, it was determined that minutes were not available for the months of February, March, June, July, and December. It is very important that written minutes be maintained for all meetings. These minutes reflect approval for various items that are significant to the daily operation of the organization.

It is recommended that the minutes be properly completed within a reasonable period of time following the monthly meetings. Follow-ups should be made by management to insure the minutes are completed after each meeting.

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.

Management's Corrective Action Plan for Current Year Audit Findings

As of and For the Year Ended December 31, 2003

NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.
Management's Corrective Action Plan For Current Year Audit Findings
Year Ended December 31, 2003

Ref No.	Description of Findings	Management Response
Section I - Compliance		
03-1	Cash Management Laws	Controls have been established to insure the bank balances will be adequately secured.
Section II - Internal Control		
03-2	Records For All Minutes Were Not Available	We will make sure all minutes are properly completed after each meeting.