

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2000**

Under provisions of state law this report is a public document. Access to the report has been guaranteed to the entity and other appropriate public officials. The report is available for public inspection at the Public House office of the Legislative Auditor and, where appropriate, at the office of the person/each officer.

Release Date 7-28-01

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## INDEPENDENT AUDITORS' REPORT

St. Rose Volunteer Fire Department, Inc.  
P.O. Box 380  
St. Rose, Louisiana 70067

We have audited the accompanying general purpose financial statements of the St. Rose Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Rose Volunteer Fire Department, Inc.'s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Louisiana Governmental Audit Code and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Rose Volunteer Fire Department, Inc. as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 14, 2004 on our consideration of St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. 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 our audit.

June 14, 2004

  
Erickson Krentel LaPorte  
Certified Public Accountant

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2001

## ASSETS AND PROVISIONS

	Governmental Fund Type	Account Groups		Totals (Millions Only)		
		General Fund	General Fixed Assets	Long-Term Debt	2001	2000
Cash	\$ 130,479	\$ -	\$ -	\$ 130,479	\$ 188,113	
Due from Parish (Note 3)	6,890	-	-	6,890	9,832	
Fire protection vehicles	-	807,884	-	807,884	807,884	
Equipment	-	867,159	-	867,159	853,789	
Buildings	-	783,608	-	783,608	781,962	
Land	-	34,150	-	34,150	34,150	
Debt retirement provision	-	-	580,261	580,261	513,537	
<b>Total assets and provision</b>	<b>\$ 137,372</b>	<b>\$ 2,492,801</b>	<b>\$ 580,261</b>	<b>\$ 3,130,434</b>	<b>\$ 3,088,287</b>	

## LIABILITIES AND FUND EQUITY

## LIABILITIES:

Accounts payable	\$ 18,719	\$ -	\$ -	\$ 18,719	\$ 19,086
Note payable (Note 3)	-	-	580,261	580,261	513,537
<b>Total liabilities</b>	<b>18,719</b>	<b>-</b>	<b>580,261</b>	<b>598,980</b>	<b>532,623</b>

## FUND EQUITY:

Fixed asset investment	-	2,492,801	-	2,492,801	2,497,808
Fund balance - unassigned, undesignated	118,653	-	-	118,653	87,859
<b>Total fund equity</b>	<b>118,653</b>	<b>2,492,801</b>	<b>-</b>	<b>2,611,454</b>	<b>2,585,667</b>
<b>Total liabilities and fund equity</b>	<b>\$ 137,372</b>	<b>\$ 2,492,801</b>	<b>\$ 580,261</b>	<b>\$ 3,130,434</b>	<b>\$ 3,088,287</b>

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.  
 CONDENSED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - GENERAL FUND  
 FOR THE YEAR ENDING DECEMBER 31, 2005**

	2005	Total (Memorandum Only) 2004
<b>REVENUES:</b>		
Sales tax - 1% rent	\$ 143,000	\$ 171,470
Operations and capital improvements savings	110,241	108,794
Fire insurance rebate	14,274	12,122
Other revenues	8,241	60,115
<b>Total revenues</b>	<u>275,756</u>	<u>352,501</u>
<b>EXPENDITURES:</b>		
Utilities:		
Electricity, water and gas	11,204	10,650
Telephone	3,410	3,820
Equipment:		
Maintenance	52,652	58,481
Fuel	3,481	3,246
Insurance	27,140	20,677
Buildings:		
Maintenance	45,271	56,583
Facilitying expenditures:		
Fire lighting supplies	11,368	11,297
Training	8,128	8,170
Miscellaneous:		
Accounting and auditing	3,500	3,500
Legal fees	120	1,191
Office expense	4,094	4,070
Printing and other	20,418	17,011
Dues and subscriptions	1,114	1,260
Account group activity:		
Buildings	1,627	417,243
Equipment purchase	10,770	40,848
Debt retirement	15,274	111,463
Interest	31,262	34,098
<b>Total expenditures</b>	<u>249,087</u>	<u>847,112</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>26,669</u>	<u>(494,611)</u>
<b>OTHER FINANCING SOURCES:</b>		
Proceed from debt issued	-	341,174
<b>Total other financing sources</b>	<u>-</u>	<u>341,174</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>26,669</u>	<u>(153,437)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>97,919</u>	<u>200,286</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 124,588</u>	<u>\$ 46,849</u>

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**01) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The St. Rose Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

**Fund Accounting**

The accounts of the Fire Department are organized on the basis of a fund (General Fund) and account groups, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to the modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures.

**Revenues**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 10th day of the month following incurrence of the taxes by businesses.

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2000**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues (Continued)**

An ad valorem tax issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2008. Each department is to receive one-ninth of annual collections. Taxes levied in November of each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available. All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

**Cash**

The Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Department may also invest in time certificate of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. At December 31, 2000, the carrying amount of the Department's deposits was \$110,479, and the bank balance was \$132,145, classified as follows:

Federally insured	\$ 100,000
Collateralized	32,145
Uninsured and uncollateralized	<u>          </u>
	\$ 132,145

**Budgetary and Budgetary Accounting**

The Fire Department was not required to prepare a budget for the year ended December 31, 2000.

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in governmental funds.

**Fixed Assets and Long-Term Debt**

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on fixed assets. Fixed assets are valued at historical cost. Donated fixed assets are recorded at estimated fair market value at the date of donation. All fixed assets are recorded at historical cost.

Long-term liabilities expected to be financed from the General Fund are accounted for in the general long-term debt account group.

The two account groups are not "funds". They are concerned only with the management of financial position and do not involve measurement of results of operations.

**Total Columns**

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire Department's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.



**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GAAP Implementation**

The Governmental Accounting Standards Board (GASB) issued Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, in June 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Fire Department is required to implement the provisions of the pronouncement for financial statements for the period beginning after June 15, 2003, because total annual revenues were less than \$10 million in the year ending December 31, 1999.

GASB Statement Number 34 establishes a new governmental financial reporting model that will feature, among other significant changes, management discussion and analysis, a unique combination of fund-based and government-wide financial statements and required supplementary information. The effects on the Fire Department's financial statements are not known at this time; however, the pronouncement will be implemented for the year ending December 31, 2004.

**(2) SALES TAX REVENUE**

Effective March 1, 1980 sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School board and administered by the Parish President. The sales tax is to be used for the protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective January, 1980 the sales tax is distributed on the following basis:

	Monthly Dues	Percent of Remaining Funds
Rapou-Gaucha Volunteer Fire Dept., Inc.	\$ 2,500	3.89%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.68%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	13.07%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	5.88%
Kilbuck Volunteer Fire Dept., Inc.	\$ 2,500	1.47%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.32%
North Area Volunteer Fire Dept., Inc.	\$ 2,500	10.19%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.79%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.71%

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003**

**(3) DUE FROM PARISH**

Revenues receivable at December 31, 2003 consists of the Fire Department's share of the 1/10th cent sales tax for the month of November 2003, collected on or before December 30, 2003 by the St. Charles Parish School Board and received by St. Charles Parish in January 2004.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2003.

**(4) CHANGES IN GENERAL FIXED ASSETS**

	Balance, As Restated, 1/1/03	Purchases 2003	Retirements 2003	Balance 12/31/03
Fire protection vehicles	\$ 803,884	\$ -	\$ -	\$ 803,884
Equipment	813,780	33,370	-	847,150
Buildings	781,982	1,626	-	783,608
Land	<u>34,130</u>	<u>          </u>	<u>          </u>	<u>34,130</u>
	<b>\$ 2,433,776</b>	<b>\$ 34,996</b>	<b>\$          </b>	<b>\$ 2,468,772</b>

**(5) GENERAL LONG-TERM DEBT**

Long-term debt, beginning of period, as restated,	\$ 313,337
Increases	-
Reductions	<u>(11,376)</u>
Long-term debt, end of period	<b>\$ 301,961</b>

The annual requirements to amortize debt outstanding as of December 31, 2003 are as follows:

Year	Principal	Interest	Total
2004	\$ 14,856	\$ 31,484	\$ 46,340
2005	15,867	30,473	46,340
2006	16,879	29,487	46,340
2007	<u>43,085</u>	<u>26,346</u>	<u>69,431</u>
Total	<b>\$ 90,787</b>	<b>\$ 117,390</b>	<b>\$ 208,177</b>

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003**

**(5) GENERAL LONG-TERM DEBT (CONTINUED)**

Details of long-term debt are as follows:

Unsecured note payable to Hispania National Bank due on demand. If no demand is made, the note bears an interest rate of 6.375% is payable in 36 monthly installments of \$3,794.87 with one final payment of \$440,280, which is due November 15, 2007. \$ 500,281

**(6) PETTY CASH FUND**

The Fire Department maintains a separate petty cash account. The petty cash account is limited through public functions held by the Fire Department. Expenditures from this petty cash account are for expenses related to the functions. The amount in the petty cash account was not included in the financial statements and was therefore not subjected to the audit procedures of the financial statements in 2003.

**(7) RISK MANAGEMENT**

The Fire Department is exposed to various risks of losses related to theft, theft of, damage to, and destruction of assets; injuries to officers; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of these risks.

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

St. Rose Volunteer Fire Department, Inc.  
P.O. Box 399  
St. Rose, Louisiana 70087

We have audited the general purpose financial statements of St. Rose Volunteer Fire Department, Inc., as of and for the year ended December 31, 2003, and have issued our report thereon dated June 16, 2004. We conducted our 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 St. Rose Volunteer Fire Department, Inc.'s general purpose financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Rose Volunteer Fire Department, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

**ERICKSON KREITEL & LAFORTELLE**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

St. Rose Volunteer Fire Department, Inc.

June 16, 2004

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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 general purpose 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. Our 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, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of St. Rose Volunteer Fire Department, Inc., St. Charles Parish and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 16, 2004



Certified Public Accountants

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

We have audited the financial statements of St. Rose Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 18, 2004. We conducted our 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. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

**SECTION I SUMMARY OF AUDITORS' REPORTS**

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

**Internal Control**

Material Weaknesses  Yes  No

Reportable Conditions  Yes  No

**Compliance**

Compliance Material to Financial Statements  Yes  No

**b. Federal Awards Not Applicable**

**Internal Control**

Material Weaknesses  Yes  No

Reportable Conditions  Yes  No

Type of Opinion on Compliance: Unqualified  Qualified

for Major Programs Disclaimer  Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 500(a)?  Yes  No

**c. Identification of Major Programs: Not Applicable**

**CFDA Number(s) Name of Federal Program (or Charter)**

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**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

Dollar threshold used to distinguish Type A and Type B Programs: \$ \_\_\_\_\_

Is the finding a 'low risk' finding, as defined by OMB Circular A-110?

Yes  No  Not Applicable

**SECTION II FINANCIAL STATEMENT FINDINGS**

**300-1 Segregation of Duties**

**Criteria:** Safeguarding of assets requires adequate segregation of duties in an effective internal control structure. No one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

**Condition:** Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts and disbursements.

**Effect:** Intentional or unintentional errors could be made and not be detected.

**Cause:** The Department is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel. All personnel are volunteers.

**Recommendation:** The Board of Directors should remain involved in the day-to-day financial affairs of the Department to provide oversight and independent review functions. The bookkeeper should not be an authorized check signer and should not have access to cash receipts. Instead, someone independent of the bookkeeper should prepare a list of checks received and should make bank deposits. The list would be given to the bookkeeper for general ledger recording.

**Management's Response:** Management agrees with the recommendation; however, they feel that because of the small number of personnel in the Department it is not possible to remove the bookkeeper from the depositing and check signing responsibilities. The Board of Directors, however, will continue to monitor and review all financial transactions of the Department.

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

2002-1 Segregation of Duties

Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives relative to cash receipts and disbursements.

The Department is small, and it was determined not to be feasible to maintain adequate segregation of duties. This issue remains unresolved.

2002-2 Public Bid Law

Our tests of compliance revealed that no quotations were obtained before accepting a contract for \$9,900 to reconstruct floors.

During 2001, there were no purchases that required the Department to obtain three quotations. However, the Department has familiarized itself with the state bid laws for future purchases.

2002-3 Financial Reporting System

The Fire Department failed to include \$100,823 of new borrowings and \$100,823 of expenditures for construction in progress in the financial accounting system during 2001.

The Fire Department corrected this matter during 2002. Management will provide the bookkeeper with complete and accurate information and will review the quarterly reports.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Not Applicable

**SECTION III MANAGEMENT LETTER**

Not Applicable