

**NORCO AREA 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. 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 Baker Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-28-01

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## INDEPENDENT AUDITORS' REPORT

Norco Area Volunteer Fire Department, Inc.  
P.O. Box 321  
Norco, Louisiana 70079

We have audited the accompanying general purpose financial statements of the Norco Area 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 Norco Area 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 Guide 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 aspects, the financial position of the Norco Area 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 our report dated June 1, 2004 on our consideration of the Norco Area 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 1, 2004

  
Certified Public Accountants

**NORCO AREA VOLUNTEER FIRE DEPARTMENT, INC.**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2020**

**ASSETS AND PROVISIONS**

	Governmental		Account		Totals	
	Fund Type		Group		(Information Only)	
	General Fund	General Fund Assets	Long-term Liabilities	2020	2019	
Cash	\$ 147,093	\$ -	\$ -	\$ 147,093	\$ 141,073	
Due from (to) Other (s)	5,179	-	-	5,179	6,970	
Prepaid expenses	28,471	-	-	28,471	21,877	
Fire protection vehicles	-	891,490	-	891,490	891,490	
Equipment	-	730,060	-	730,060	714,111	
Buildings	-	821,184	-	821,184	794,849	
Land	-	41,694	-	41,694	41,648	
Debt retirement provision	-	-	260,549	260,549	262,918	
<b>Total assets</b>	<b>\$ 201,243</b>	<b>\$ 2,485,318</b>	<b>\$ 260,549</b>	<b>\$ 2,952,177</b>	<b>\$ 2,990,388</b>	

**LIABILITIES AND FUND EQUITY**

**LIABILITIES:**

Accounts payable	\$ 5,712	\$ -	\$ -	\$ 5,712	\$ 1,827
Bond payable (Note 4)	-	-	128,000	128,000	341,008
Note payable (Note 4)	-	-	28,549	28,549	47,294
<b>Total liabilities</b>	<b>5,712</b>	<b>-</b>	<b>156,549</b>	<b>162,261</b>	<b>390,129</b>

**FUND EQUITY:**

Fund asset increment	-	2,485,318	-	2,485,318	2,488,640
Fund balance - reserved for prepaid expenses	28,471	-	-	28,471	25,871
Fund balance - reserved, unassigned	147,099	-	-	147,199	188,321
<b>Total fund equity</b>	<b>175,570</b>	<b>2,485,318</b>	<b>-</b>	<b>2,660,888</b>	<b>2,655,242</b>
<b>Total liabilities and fund equity</b>	<b>\$ 201,243</b>	<b>\$ 2,485,318</b>	<b>\$ 260,549</b>	<b>\$ 2,952,177</b>	<b>\$ 2,990,388</b>

**MERCED AREA VOLUNTEER FIRE DEPARTMENT, INC.  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	2001	Totals (Revised) Only 2002
<b>REVENUES</b>		
State fee - 1% cont.	\$ 100,000	\$ 118,710
Operations and capital improvements millage	112,241	108,150
Fir insurance rebate	16,821	11,050
Other revenues	2,000	1,445
<b>Total revenues</b>	<b>231,062</b>	<b>249,355</b>
<b>EXPENDITURES</b>		
Utilities		
Electricity	7,120	6,124
Gas	955	840
Telephone	3,579	2,751
Water	900	843
Equipment		
Maintenance	21,964	15,851
Fuel	1,145	1,062
Insurance	8,217	6,800
Buildings		
Maintenance	14,740	15,018
Insurance	14,502	13,588
Personnel		
Insurance	2,636	1,809
Training	1,084	1,711
Firefighting expenditures:		
Fire supplies	4,038	3,649
Other expenses		
Accounting and auditing	1,088	1,900
Fees and subscriptions	473	440
Legal	3	0
Office expense	4,117	2,317
Meetings and other	10,718	11,491
Association activity:		
Equipment, purchases and building additions	49,007	48,720
Debt retirement	21,160	78,483
Interest	11,774	11,200
<b>Total expenditures</b>	<b>246,719</b>	<b>314,491</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(15,657)</b>	<b>34,864</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>214,054</b>	<b>205,858</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 198,397</b>	<b>\$ 240,722</b>

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

**Reporting Entity**

The Norco Area 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 fire 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 comprises 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 refers 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 a 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 29th day of the month following incurrence of the taxes by businesses.

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

**(C) 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 2009. Each department is to receive one-eighth of annual collections. Taxes levied in November 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 Fire 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 certificates 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, 2003, the carrying amount of the Department's deposits was \$187,153, and the bank balance was \$193,153, classified as follows:

Federally insured	\$ 132,907
Collateralized	58,445
Uninsured and uncollateralized	<u>          </u>
	<b>\$ 187,153</b>

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items. A portion of the general fund's fund balance equal to the prepaid items has been reserved to indicate that it is not available for appropriation.

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

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

**Budgets and Budgetary Accounting:**

The Fire Department was not required to prepare a budget for the year ended December 31, 2003.

**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 Liabilities:**

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. Depreciated fixed assets are recorded at estimated fair market value at the date of donation.

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

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

**Total Columns of Combined Balance Sheet:**

Total columns on the combined balance sheet 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.



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

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

**GASB 34 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 fire 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, 2000, the sales tax is distributed on the following basis:

	<u>Monthly Funds</u>	<u>Percent of Remaining Funds</u>
Bryon Gueche Volunteer Fire Dept., Inc.	\$ 2,500	3.69%
Don Allomando Volunteer Fire Dept., Inc.	\$ 2,500	4.68%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.87%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	3.88%
Krikora Volunteer Fire Dept., Inc.	\$ 2,500	1.47%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	28.52%
Monco 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%

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

**(3) RECEIVABLE FROM PARISH**

Revenue receivable at December 31, 2003, consists of the Fire Department's share of the 18th cost sales tax for the month of November 2003, collected on or before December 30, 2003, by the St. Charles Parish School Board and remitted 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) GENERAL LONG-TERM LIABILITIES**

The following is a summary of changes in general long-term liabilities during the year ended December 31, 2003:

Long-term liabilities, beginning of period	\$	352,914
Increases		-
Reductions		<u>73,369</u>
Long-term liabilities, end of period	\$	<u>279,545</u>

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

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 76,549	\$ 12,208	\$ 82,887
2005	45,000	9,213	54,213
2006	45,000	6,738	51,738
2007	50,000	4,129	54,129
2008	<u>58,000</u>	<u>3,279</u>	<u>51,279</u>
Total	<u>\$ 269,549</u>	<u>\$ 35,557</u>	<u>\$ 305,106</u>

Details of long-term debt are as follows:

Notes payable to First National Bank of St. Charles Parish collateralized by a 1998 Mackay Emergency Vehicle, bearing an interest rate of 5.1%, payable in semi-annual installments of \$20,136.21. Due May 7, 2005.	\$	10,540
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**NOBHO AREA VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003**

**(4) GENERAL LONG-TERM LIABILITIES (CONTINUED)**

Bonds payable - Certificate of Indebtedness Series 2000, bearing an interest rate of 5.5% with principal payments due annually and interest due in semi-annual installments. Funded by excess general fund revenues. Matures on March 1, 2008.

	233,000
<b>Total</b>	<b>\$ 233,000</b>

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

	Balance 1/1/03	Purchases 2003	Excessments 2003	Balance 12/31/03
Fire protection vehicles	\$ 897,485	\$ -	\$ -	\$ 897,485
Equipment	714,531	13,512	-	728,043
Buildings	785,929	34,423	-	820,352
Land	41,644	-	-	41,644
	<b>\$ 2,439,589</b>	<b>\$ 47,935</b>	<b>\$ -</b>	<b>\$ 2,487,524</b>

**(6) PETTY CASH FUND**

The Fire Department maintains a separate petty cash account. The petty cash account is funded 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 acts; theft of; damage to; and destruction of assets; injuries to firemen; and natural disaster. 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

Norco Area Volunteer Fire Department, Inc.  
P.O. Box 323  
Norco, Louisiana 70079

We have audited the general purpose financial statements of Norco Area Volunteer Fire Department, Inc., as of and for the year ended December 31, 2003, and have issued our report thereon dated June 1, 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 Norco Area 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 these 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 Norco Area 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 Norco Area 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.

**ERICKSEN KRINTEL & LA PORTELLE**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Moreno Area Volunteer Fire Department, Inc.

June 1, 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 Moreno Area 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 24:313, this report is distributed by the Legislative Auditor as a public document.

June 1, 2004

  
Certified Public Accountants

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

We have audited the financial statements of Norco Area Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 1, 2004. We conducted our 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. 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      Disclosure  Adverse

Are the findings required to be reported in accordance with Circular A-113, Section 509(g)?

Yes  No

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

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

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**NORCO AREA VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?  Yes  No  
Not Applicable

**SECTION II FINANCIAL STATEMENT FINDINGS**

2003-1 Segregation of Duties

**Criteria:** Safeguarding of assets requires adequate segregation of duties. 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.

**NORCO AREA VOLUNTEER FIRE DEPARTMENT, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**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.

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

Not Applicable

**SECTION III MANAGEMENT LETTER**

Not Applicable