

EXHIBIT B

SAP Service Review Update:

WINTERHAVEN FIRE DISTRICT

Imperial County Local Agency Formation Commission
October 2006

LAFCO Special District Review Survey
(Conducted October 2006)

LAFCO Special District Review Updates

- October 2006 -

District: Winterhaven Fire District

District Manager:

Jarrell Brown, Fire Chief

Service Area (generally describe and provide map): (EXHIBIT A)

Same as 2004 map

Have there been any changes to your service area boundary since last submittal?

yes no

If yes, please describe:

Current Board of Directors (please provide list showing membership, officers & terms):

REFER TO ATTACHMENT

Schedule for Board of Director Meetings (i.e. frequency):

2nd Wednesday/Month at 6:00 p.m. (MT)

Have there been any significant changes to the Special District as an entity

(administratively) since your last submittal? yes no

If yes, please describe:

Have there been any changes to the scope of your present operations, i.e., additional

service operations added or taken away, since your last submittal? yes no

If yes, please describe:

The District now responds to medical calls.

Have there been any changes in the scope of the powers and functions of your Special

District, i.e., additional powers/functions added or taken away, since your last

submittal? yes no

If yes, please describe: (except as above)

Have there been any significant changes since your last submittal that have affected

your ability to serve your service area? yes no

If yes, please explain:

Do you anticipate any changes on the horizon within your service area that can or will affect your ability to provide services at current levels? yes no
If yes, please describe:

The possible development of a new Paradise Casino on the California side in 2008 would strain the District's ability to serve adequately. The problem is that the District has no ladder/aerial engine capability and must now rely on Yuma.

Has there been any legal litigation (i.e., judgments) for or against your district since the last submittal? yes no
If yes, please describe:

Any other problems or concerns:

An Audit conducted by the County Auditors Controller in January 2004 (copy in LAFCO files) reported a number of "going concerns" particularly in the area of cash handling and accounts. According to the Assistant Auditor these issues have now been resolved and all District claims are now being handled by the Auditors Controller Office.

Adopted budget (provide copy of most recent) - attached; if not, please explain:

REFER TO ATTACHMENT

Interview	Date: <u>10-12-06</u>	<input checked="" type="checkbox"/> Phone <input type="checkbox"/> on site
District staff person interviewed	<u>Jarrell Brown</u>	Phone <u>928-388-1642</u>
	<u>Steve Taylor, Board Member</u>	<u>760-482-9499</u>
Title	<u>Fire Chief</u>	Fax <u>760-572-5615</u> Email <u>jlbrown8200@beamspeed.net</u>

Follow-up needed: <u>Annual Information Update</u>
Staff comments:

Special District 2004 Summary

(Excerpt from *LAFCO 2004*

Guide to Policies, Standards and Procedures)

Leonard Fabian

From: Jarrell Brown [jlbrown8200@mail.beamspeed.net]
Sent: Thursday, October 26, 2006 3:16 PM
To: Leonard Fabian
Subject: board terms

WALLACE DUGAN JR. ³ CHAIRMAN 4-YEAR TERM	BEGINNING	01/2003
	ENDING	01/2007
KIRK NERVA MEMBER 4-YEAR TERM	BEGINNING	01/2006
	ENDING	01/2010
STEVE TAYLOR MEMBER 4-YEAR TERM	BEGINNING	01/2003
	ENDING	01/2007
SUSIE GILBERT MEMBER 4-YEAR TERM	BEGINNING	01/2003
	ENDING	01/2007

Resolution as set for by the Winterhaven Fire District
Board of Commissioner


1. As a resolution of the Winterhaven Fire District approving the budget for fiscal period 2006-2007.
2. Where as; The Winterhaven Fire District Board of Directors has review and approved the budget for fiscal year 2006-2007.

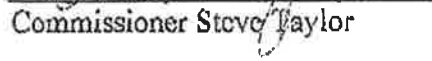
By signing this document I am attesting to the fact that I have read and understand the above statements.


Chairman of the Board Wallabe Dugan Jr.


Commissioner Kirk Nerva


W.E/C. Jarrell L. Brown


Commissioner Susie Gilbert


Commissioner Steve Taylor

**ESTIMATE OF DEPARTMENTAL EXPENDITURES
2006 - 2007**

BUDGET NAME & NUMBER

5510001

WINTERHAVEN FIRE DISTRICT

EXPENDITURE ACCOUNT	EXPENDITURE DESCRIPTION	ACTUAL EXPENDITURES 2004-2005	ESTIMATED ACTUAL 2005-06	ADJADOPTED APPROPRIATION 2005-2006	EXPENDITURES REQUESTED 2006-2007
501175	Exp - Salaries	6,005.30	6,450.00	2,800.00	6,600.00
502030	Payroll Taxes	4,214.31	0.00	1,800.00	0.00
513000	Clothing & Personal	4,287.37	6,000.00	800.00	0.00
514000	Communication	2,495.17	4,000.00	3,000.00	3,000.00
517070	Exp - Insurance	5,571.76	22,777.00	4,500.00	22,000.00
519025	Other Ops - Equipment	4,195.75	2,823.00	408.00	0.00
519038	Fuel Expense	7,940.64	8,349.00	5,000.00	5,000.00
519045	Exp - Maintenance	2,244.16	1,635.00	3,000.00	1,500.00
520000	Maint - Struct, Improve, Grounds	4,183.14	0.00	4,000.00	0.00
522000	Memberships	1,508.00	100.00	1,058.00	100.00
523000	Miscellaneous Expense	2,767.93	1,285.00	1,200.00	1,285.00
524000	Office Expense	1,538.00	1,800.00	1,200.00	300.00
525010	Professional & Special Service	7,454.96	531.00	1,500.00	5,500.00
527000	Rents & Leases Equipment	2,338.00	2,004.00	2,004.00	1,002.00
530035	Volunteer Firemen Reimb	-	0.00	300.00	0.00
532005	Exp - Utilities	3,476.38	3,000.00	5,880.00	1,739.00
553000	Provision - Contingencies	-	-	6,000.00	-
TOTALS		60,220.87	60,554.00	54,450.00	48,016.00

ESTIMATE OF DEPARTMENTAL REVENUE
2006 - 2007

BUDGET NAME & NUMBER
WINTERHAVEN FIRE DISTRICT 5510001

REVENUE ACCOUNT	SOURCES OF REVENUE	2004-05 ACTUAL	ACTUAL THRU 2/28/06	ESTIMATED CURRENT YEAR	2006-07 ESTIMATE
401105	Property Tax Current Secured	8,650.00	4,938.93	8,531.00	8,531.00
401110	Property Tax Current Unsecured	563.44	-	497.00	497.00
401130	Property Taxes - Supply Assessments	133.73	-	155.00	155.00
430000	Interest Pooled Money	(41.78)	(31.05)	0.00	0.00
444000	State Aid - Homeowners	140.31	-	142.00	142.00
484050	Special District - Other	6,000.30	1,388.14	1,388.14	1,388.14
491105	Special District - Other Revenue	-	6,000.00	6,000.00	6,000.00
491110	Special District - Contrib Fire - County	48,370.55	28,263.06	0.00	0.00
491095	Statutory Cancellations	309.26	-	-	-
	Special District / Bonding				4,000.00
	Special District / Equipment				17,000.00
TOTALS		64,125.21	40,559.08	64,739.14	85,739.14

**ESTIMATE OF DEPARTMENTAL EXPENDITURES
2006 - 2007**

BUDGET NAME & NUMBER

WINTERHAVEN FIRE DISTRICT

6610001

EXPENDITURE ACCOUNT	EXPENDITURE DESCRIPTION	ACTUAL EXPENDITURES 2004-2005	ESTIMATED ACTUAL 2006-06	ADJ/ADOPTED APPROPRIATION 2006-2006	EXPENDITURES REQUESTED 2006-2007
501175	Exp - Salaries	6,005.00	6,450.00	12,800.00	6,400.00
502030	Payroll Taxes	4,214.91	0.00	1,800.00	0.00
513000	Clothing & Personal	4,287.07	6,000.00	800.00	0.00
514000	Communication	2,495.17	4,000.00	3,000.00	3,000.00
517070	Exp - Insurance	5,571.76	22,777.00	4,500.00	22,000.00
519025	Other Ops - Equipment	4,195.75	2,823.00	408.00	0.00
519038	Fuel Expense	7,940.64	8,349.00	5,000.00	5,000.00
519045	Exp - Maintenance	2,244.16	1,635.00	3,000.00	1,500.00
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522000	Memberships	1,508.00	100.00	1,058.00	100.00
523000	Miscellaneous Expense	2,767.93	1,285.00	1,200.00	1,285.00
524000	Office Expense	1,538.00	1,800.00	1,200.00	300.00
525010	Professional & Special Service	7,454.96	331.00	1,500.00	5,500.00
527000	Rents & Leases Equipment	2,338.00	2,304.00	2,004.00	1,002.00
530035	Volunteer Firemen Reimb		0.00	300.00	0.00
532005	Exp - Utilities	3,476.38	3,000.00	5,880.00	1,781.00
553000	Provision - Contingencies			6,000.00	6,000.00
TOTALS		60,220.87	60,554.00	54,450.00	54,026.00

Resolution as set for by the Winterhaven Fire District
Board of Commissioner

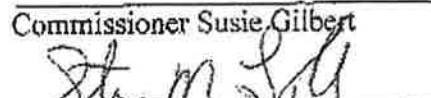
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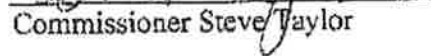
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Chairman of the Board Wallace Dugan Jr.


Commissioner Kirk Nerva


W.F.C. Jarrell L. Brown


Commissioner Susie Gilbert


Commissioner Steve Taylor

**ESTIMATE OF DEPARTMENTAL EXPENDITURES
2006 - 2007**

BUDGET NAME & NUMBER

WINTERHAVEN FIRE DISTRICT 551C001

EXPENDITURE ACCOUNT	EXPENDITURE DESCRIPTION	ACTUAL EXPENDITURES 2004-2005	ESTIMATED ACTUAL 2005-06	AC./ADOPTED APPROPRIATION 2005-2006	EXPENDITURES REQUESTED 2005-2007
501175	Exp - Salaries	6,005.00	6,450.00	12,800.00	6,600.00
502030	Payroll Taxes	4,214.91	0.00	1,800.00	0.00
513000	Clothing & Personal	4,287.07	6,000.00	800.00	0.00
514000	Communication	2,495.17	4,000.00	3,000.00	3,000.00
517070	Exp - Insurance	5,571.76	22,777.00	4,500.00	22,000.00
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524000	Office Expense	1,538.00	1,800.00	1,200.00	300.00
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527000	Rents & Leases Equipment	2,338.90	2,004.00	2,004.00	1,002.00
530035	Volunteer Firemen Reimb	-	0.00	300.00	0.00
532005	Exp -Utilities	3,476.38	3,000.00	5,880.00	1,739.00
553000	Provision - Contingencies	-	-	6,000.00	-
TOTALS		30,220.97	60,554.00	54,450.00	48,026.00

Special District 2006 Budget
(as submitted by the District)

DISTRICT: WINTERHAVEN FIRE DISTRICT

ADDRESS: P. O. Box 906
Winterhaven, CA 92283

CONTACT: Sherry Ostoson
(760) 572-0549

FAX Phone (760) 782-9499

ENABLING LEGISLATION: Health & Safety Code, Section 13801, et seq.

DATE OF FORMATION: All fire districts were re-organized in 1967.

GOVERNING BOARD: Board of Directors consists of five members elected at large, serving four-year terms. Vacancies occurring in the office of director shall be filled by a person selected by the remaining members, subject to the provisions of Section 1780 of the Government Code of the State of California.

POWERS & FUNCTIONS: To establish, equip and maintain a fire department, and to establish and enforce rules and regulations for the administration, operation and maintenance thereof. To take, acquire and dispose of real or personal property of every kind. Exercise the right of eminent domain.

PRESENT OPERATIONS: Maintain a fire department, training firemen.

BOUNDARY: Contact Imperial County LAFCO for map.

Have there been any significant changes since your last submittal that have affected your ability to serve your service area? yes no

If yes, please explain:

Do you anticipate any changes on the horizon within your service area that can or will affect your ability to provide services at current levels? yes no

If yes, please describe: The possible development of a new Paradise Casino on the California side in 2008 would strain the District's ability to serve adequately. The problem is that the District has no Ladder/Ariel Engine capability and must now rely on Yuma.

Has there been any legal litigation (i.e., judgments) for or against your district since the last submittal? yes no

If yes, please describe:

Any other problems or concerns: ~~None, other than stated above~~

Adopted budget (provide copy of most recent) - attached; if not, please explain: to be faxed

Contact Record:	10-12-06 J. Brown will return call	10-17-06 request until this morning 8:35 a.m.	10-19-06 Brown called info faxed, but got clean; he got "mess. on email"	10-23-06 Jarrell said email doesn't work today. message left for JB that no faxes yet. rec'd.	10-23-06 All info will be faxed at 10:2 today.	10-24-06 Jarrell says electricity has been out and that he's not working. Confirm with my labor team.
Follow-up needed:	Jarrell will be faxing (1) list of Bd/Directors and related info as well as (2) adopted budget. Checks Wed, Oct. 18 th .					
Staff comments:	(copy in LAFCO files) A audit conducted by the County Auditor Controller in January 2004 reported a number of "Gang Concerns" particularly in the area of cash handling and accounts. According to the Assistant Auditor-Controller these issues have now been resolved and all District claims are now being handled by the Auditor Controller Office.					

10-25-06
Jarrell informed by cell message that building inspector will stop by to pick up items.

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PRESENT OPERATIONS: Maintain a fire department, training firemen.

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FAX COVER SHEET

Winterhaven Fire District
P.O. Box 906
Winterhaven, California 92283
(760) 572-0549
(760) 572-5615

Send to: LAFCO	From: Jarell Brown
Attention: MR. Lenixy tobien	Date: 10/18/06
Office Location:	Office Location: Winterhaven
Fax Number: 760-337-8407	Phone Number:

- Urgent
- Reply ASAP
- Please comment
- Please review
- For your information

Total pages, including cover:

Comments:

Per our conversation, Attached is the copy of the WFD budget for fiscal year 2006-2007, & a copy of the signed resolution by the Fire Board.

FINANCIAL STATEMENTS

WINTERHAVEN FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

January 31, 2004

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AUDITOR - CONTROLLER
INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Winterhaven Fire Protection District
Winterhaven, California

We have audited the accompanying general purpose financial statements of Winterhaven Fire Protection District, as of and for the seven months ended January 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Winterhaven Fire Protection District 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. Those 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 Winterhaven Fire Protection District, as of January 31, 2004, and the results of its operations for the seven months then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully Submitted

Douglas R. Newland, CPA
Imperial County Auditor-Controller

April 19, 2004

WINTERHAVEN FIRE PROTECTION DISTRICT
COMBINED BALANCE SHEET – ALL FUND TYPES
AND ACCOUNT GROUPS
Seven Months Ended January 31, 2004

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Account</u> <u>Group</u>
	<u>General</u> <u>Fund</u>	<u>Fixed</u> <u>Assets</u>	<u>Long-term</u> <u>Debt</u>
ASSETS			
Contract receivable	\$ 4,038	\$ --	\$ --
Property, plant and equipment	--	47,437	--
Amount to be provided for debt payments	<u>--</u>	<u>--</u>	<u>10,948</u>
	<u>\$ 4,038</u>	<u>\$ 47,437</u>	<u>\$ 10,948</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Deficit Cash	\$ 5,670	\$ --	\$ --
Accounts Payable	12,170	--	--
Current Obligation	--	--	1,618
Obligation under long-term debt	<u>--</u>	<u>--</u>	<u>9,330</u>
	<u>17,839</u>	<u>--</u>	<u>10,948</u>
Fund Equity			
Investment in general fixed assets	--	47,437	--
Reserve - imprest cash	300	--	--
Fund balance - reserved	11,370	--	--
Fund balance - unreserved	<u>(25,471)</u>	<u>--</u>	<u>--</u>
	<u>(13,801)</u>	<u>47,437</u>	<u>--</u>
	<u>\$ 4,038</u>	<u>\$ 47,437</u>	<u>\$ 10,948</u>

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

WINTERHAVEN FIRE PROTECTION DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Seven Months Ended January 31, 2004**

	<u>General Fund</u>
Revenues	
Ad valorem taxes, penalties and interest	\$ 5,266
Interest income	(130)
Proceeds State Domestic Preparedness Equipment Grant	(2,127)
Fire contribution - County	<u>27,672</u>
	<u>30,681</u>
Expenditures	
Communications	2,542
Other operations - equipment	8,686
Office expense	3,820
Salaries	17,438
Insurance	6,333
Maintenance	1,859
Utilities	2,298
Other expenses	1,708
Commissioners fees	1,477
Miscellaneous expenses	<u>3,053</u>
	<u>49,214</u>
Excess of revenues over (under) expenditures	(18,534)
Fund balance July 1, 2003	<u>4,732</u>
Fund balance January 31, 2004	<u>\$ (13,801)</u>

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

WINTERHAVEN FIRE PROTECTION DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
Seven Months Ended January 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes, penalties and interest	\$ 23,300	\$ 5,266	\$ (18,034)
Interest income	2,000	(130)	(2,130)
Fire contribution - County	<u>47,860</u>	<u>27,672</u>	<u>(20,188)</u>
Grant funds	<u>--</u>	<u>(2,127)</u>	<u>(2,127)</u>
	<u>73,160</u>	<u>30,681</u>	<u>(42,479)</u>
Expenditures			
Clothing and personal supplies	650	--	650
Communications	1,500	2,542	(1,042)
Maintenance - building and equipment	300	--	300
Other operations - equipment	2,300	8,686	(6,386)
Office expense	1,500	3,820	(2,320)
Salaries	51,200	17,438	33,762
Insurance	1,750	6,333	(4,583)
Maintenance	--	1,859	(1,859)
Utilities	2,500	2,298	202
Other expenses	--	1,708	(1,708)
Commissioners fees	--	1,477	(1,477)
Training	300	--	300
Miscellaneous expenses	<u>3,000</u>	<u>3,053</u>	<u>(53)</u>
	<u>65,000</u>	<u>49,214</u>	<u>15,786</u>
Excess of revenues over (under) expenditures	<u>\$ 8,160</u>	(18,534)	<u>\$ (26,694)</u>
Fund balance July 1, 2003		<u>4,732</u>	
Fund balance January 31, 2004		<u>\$ (13,801)</u>	

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

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General

The Winterhaven Fire Protection District (the District) was formed May 3, 1948 under the Health and Safety Code of the State of California to provide fire and emergency medical services to the Winterhaven area. The district is governed by a Board of Fire Commissioners consisting of five members elected or appointed for four-year terms.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate entity.

Governmental Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Account Groups

The Fixed Assets Account Group and Long-term Debt Account Group are concerned with measurement of financial position; they are not involved with measurement of results of operations. All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. The Fire District defines capital assets as assets with initial, individual costs of more than \$1,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

The estimated useful lives are as follows:

Buildings	40 years
Equipment	5- 10 years
Office Furniture	5 years
Fire Trucks	15 years
Cars and Light Trucks	5 years

WINTERHAVEN FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
Seven Months Ended January 31, 2004**

The Fixed Assets Account Group consists of:

Land	\$ 3,625
Buildings	48,097
Equipment	175,328
Less: Accumulated Depreciation	<u>(179,613)</u>
	<u>\$ 47,437</u>

The Long-term Debt Account Group consists of:

Note payable – USDA	<u>\$ 10,948</u>
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Basis of Accounting

The accounting records are maintained on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash in the treasury is held by the Imperial County Treasurer's office. Funds held with the Treasurer are pooled with other District's funds and invested. The District is paid a proportionate amount of interest on pooled funds. Payment requests are processed by the County monthly to pay current accounts payable. Funds are requested on a periodic basis from the County and deposited into a local bank account to cover salary expenditures.

Budget

The District prepares a budget for the General Fund. Upon adoption by the Board of Directors, the budget is filed with the Board of Supervisors of the County of Imperial. All appropriations lapse at year-end.

Principles Determining Scope of Reporting Entity

The financial statements consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled or dependent on the District.

Total Columns on Combined Statements

Total columns on the Combined 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 cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE 3. DEPOSITS AND INVESTMENTS

California Government Code 53601 authorizes the District to invest in obligations of the U. S. Treasury or its agencies, obligations of the State of California and any local agency, corporate bonds rated AAA by Standard and Poor, certificates of deposit or other interest bearing deposits of insured financial institutions and other investments as may be allowed by law.

WINTERHAVEN FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
Seven Months Ended January 31, 2004**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Deposits - At year end, the carrying amount of the District's deposits were (\$3,309) and the bank balance was \$2,173. The bank balance is classified into three categories of credit risk:

1. Insured or collateralized with securities held by the District or by its agent in the District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by their pledging financial institution, or by its trust department or agent but not in the District's name.)

Classification of Bank Balance by Credit Risk:

	<u>Categories</u>			Total
	1	2	3	
Deposits	\$2,173	\$0	\$0	\$2,173

Investments - The District's investments are classified into three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

Classification of Investments by Credit Risk

	<u>Categories</u>			Carrying Amount	Market Value
	1	2	3		
County Investment Pool (uncategorized)	\$0	\$0	\$0	(\$2,360)	(\$2,360)

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 4. EXTERNAL INVESTMENT POOL

The District is a member of an external investment pool per Government Accounting Standards Board Statement 31 which became effective for fiscal years beginning after June 15, 1997. The Treasurer of Imperial County receives funds from the District and pools them with other funds and invests these funds in a variety of instruments including Certificates of Deposit and Government Agency Funds. The funds are recorded at fair value and interest earnings are allocated quarterly based on the average balance of the invested amount for the quarter.

NOTE 5. NOTE PAYABLE

During the year the District entered into an agreement with the United States Department of Agriculture (USDA). The District received \$64,200 from the USDA of which \$48,160 represents grant funds to purchase a used fire truck and rescue equipment and \$16,040 is considered a note payable to the USDA. In January 2001, the fire district signed a loan stating beginning February 26, 2001, it would begin making monthly payments of \$167 for 10 years. At January 31, 2004, the outstanding loan payable balance was \$10,948.

NOTE 6. RESERVED FUND BALANCE

Reservations of equity show amounts that are not appropriate for expenditures or are legally restricted for specific uses. The General Fund reserve for restricted purposes includes grant funds received from the USDA for fire and rescue equipment that have not been fully expended. The funds are restricted to equipment purchases only.

WINTERHAVEN FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
Seven Months Ended January 31, 2004**

NOTE 7. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements during the seven months ended January 31, 2004, the District incurred a loss of \$18,534. In the prior year they also incurred a loss of \$75,145. These factors including a deficit in their unrestricted assets of \$13,801 may indicate that the District will be unable to continue as a going concern for a reasonable period of time.

The District's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis.

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

1)

Cash

Finding:

The payroll and equipment bank accounts were not reconciled by the Winterhaven Fire District bookkeeper during the fiscal year. Four transfers of \$1,000.00, \$100.00, \$400.00, and \$150.00 were made from the equipment account to the payroll account in order to cover overdrafts of the payroll account. The bank charged overdraft fees of \$128.00 during the audit period. In addition, a "Shopper's Member Fee" of \$79.99 was automatically withdrawn from the payroll bank account in September 2003. Fire district personnel were unable to identify what this withdrawal was for. The additional AOL connection charges, identified in the previous audit, continued to be withdrawn from the account until December 2003, when the fire district cancelled the additional connections. The total charges for the AOL connections were \$304.90. Documentation supporting purchases or deposits was difficult to locate and in some cases not located. Checks issued from the equipment bank account were not used in numeric order. The registers for both accounts were not updated for all transactions.

In September 2003, a check to Sprint PCS for \$1,709.19 was issued. Cash receipt number 6541 was issued October 1, 2003, for cash received of \$1,710.00. According to fire district personnel, a fire fighter used a cell phone for personal use and was reimbursing the fire district for the unauthorized use. The \$1,710.00 was not deposited into either bank account, and we were unable to determine what happened to the cash received.

After October 2003, the fire district stopped paying fire fighters for responding to calls, due to the fact the bank account was depleted. However, beginning in November 2003, non payroll expenditures totally \$5,569.47 were expended from the payroll account.

Recommendation: As noted above, a receipt for cash received was issued for \$1,710.00, but we were unable to determine what happened to the funds as they were not deposited into either bank account. We recommend that this be further investigated by the proper authorities to determine the actual events surrounding these funds.

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

The following cash handling procedures should be implemented immediately:

- 1) Complete reconciliation of bank accounts on a monthly basis.
- 2) Issue pre-numbered receipts for all cash and checks received.
- 3) Maintain duplicate copy of bank deposits.
- 4) Issue checks from bank accounts in numeric order.
- 5) Maintain a filing system in which the back up for all checks issued is easily accessible.
- 6) Submit with monthly board report summary of deposits, withdrawals, listing of checks issued with backup, and bank reconciliation. Include authorization for board members to sign for release for payment of checks. In addition, a cash flow statement should be completed in order to maintain positive cash balances in bank accounts.

In addition, we recommend that the Board of Fire Commissioners consider closing the bank accounts and have all transactions run through the county's payable system.

2)

State Domestic Preparedness Equipment Grant \$10,236.86

Finding:

On February 26, 2003, a check was issued by the county fire department for a grant it had received from the State Domestic Preparedness Equipment Project. The funds were to be used to purchase self-contained breathing apparatus. The Winterhaven Fire District deposited the check into its equipment bank account on March 18, 2003. The breathing apparatus was shipped to the Winterhaven Fire District on September 26, 2003, but the fire district did not begin making payments until March 10, 2004. The payments are being made from claims submitted to the county as the grant funds received in the equipment bank account were expended on other items. The total cost of the apparatus was \$8,110.00. The difference between the grant award of \$10,236.86 and the amount of the purchase is \$2,126.86, which must be repaid to the State of California according to page 5, item 15a of the grant agreement, which states "promptly return to the State of California all funds received which exceed the approved, actual expenditures as accepted by the federal or state government."

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

Recommendation: This item was noted in the previous audit and the recommendation is the same. According to Fire District personnel, the breathing apparatus purchased do not meet the required standards and being returned to the vendor for retrofitting. The additional cost associated with the retrofit may resolve the need to return the unspent funds of \$2,126.86. However, until this matter is resolved, the Fire District should monitor any unspent grant funds so that they are returned as required.

3) Bookkeeper's Salary

Finding: Part of our testing of the records including reviewing the Board of Fire Commissioner's minutes and comparing the number of hours approved to be paid to the bookkeeper to the actual number of hours paid. It appears from the worksheet prepared by the bookkeeper to be included with the Board of Commissioner's minutes (which have not yet been transcribed) that for the months of July 2003 through October 2003 the bookkeeper should have been paid \$1,255.96, however, the actual disbursements were \$3,237.10.

Recommendation: It appears that the bookkeeper was overpaid \$1,981.14 for the period July 2003 through October 2003. We recommend that this overpayment be investigated by the proper authorities to determine if these monies should be reimbursed to the fire district.

The bookkeeper was not required to maintain a timesheet. The only record of her time reported was a worksheet that was to be included with the Board of Commissioner's minutes, which as of the audit date had not been transcribed. It is recommended that in the future the bookkeeper keep a monthly timesheet, which is signed off on by the board. The approved timesheet should be entered into the record of the Board of Fire Commissioners.

WINTERHAVEN FIRE PROTECTION DISTRICT

**AUDIT FINDINGS AND RECOMMENDATIONS
Seven Months Ended January 31, 2004**

4)

Firefighter Call Pay

Finding:

As part of our testing we reviewed the number of calls responded to by each of the firefighters per the duty roster and compared that to the number of calls the firefighters were reimbursed for. It was noted that for one of the fire fighters, the duty roster and the number of calls reimbursed were not the same, see table below:

	<u>Duty Roster</u>	<u>Number of Calls Reimbursed</u>
July 2003	17	70
August 2003	26	70
September 2003	25	65

Recommendation:

It appears that the fire fighter may have been overpaid for the number of calls responded to. We recommend that this overpayment be investigated by the proper authorities to determine if these monies should be reimbursed to the fire district.

In addition, we recommend that in the future, the number of calls reported on the duty roster is verified to agree with number of response forms completed for each call out and that the board review the checks carefully against the calls reported to confirm that the firefighters are not being reimbursed for calls they did not respond to.

WINTERHAVEN FIRE DISTRICT

Audit responses

1) Cash

1. As of May 2004 a new Bookkeeper/Secretary was hired part time,
2. Bank reconciliations will be done on a monthly basis. Two copies will be made for the bank statements.
3. Will record all transactions check/cash on a cash receipt book, three parts original will stay in book, copy yellow for the person bringing the money/check. Copy white for bank statement.
3. Starting May all checks will be written in numeric order.
4. Started filling all vendors file making notes and making sure all back up information is in the file.
5. Will submit a monthly report to board members of all transactions, Original demands for payments will be passed to the board for signatures and approval, back up will be attached. One copy of the signed and approved demand and invoice will be kept.
6. As of May bank account closed. All unused checks were destroyed. Balance of that bank account was transfer to or Account No. 25495468.

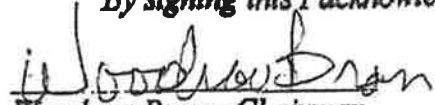
2) Grants

1. Copy of the grants will be kept and will monitor the expenses, and will make sure we are not spending the monies on items not specified in the grant. If we need to do that we will write an amendment to the grantee for approval.

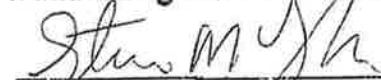
3) Bookkeepers Salary

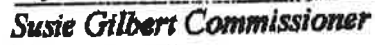
1. As of May of 2004 or new Bookkeeper/Salary is paid a monthly set amount, we are keeping track of the hours. At the end of the year a 1099 will be issued for tax purposes.
2. As of May we reported the incident of the old bookkeeper to the proper authorities for investigation, and bookkeeper was notified by mail that her services will no longer be needed.

By signing this I acknowledge I have read and accept the above statements.


Woodrow Brown Chairman


Wallace Dugan Jr. Vice Chairman


Steve Taylor Commissioner


Susie Gilbert Commissioner


Pearl Joaquin Commissioner


Jarrell Brown Fire Chief

WINTERHAVEN FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

January 31, 2004

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AUDITOR - CONTROLLER
INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Winterhaven Fire Protection District
Winterhaven, California

We have audited the accompanying general purpose financial statements of Winterhaven Fire Protection District, as of and for the seven months ended January 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Winterhaven Fire Protection District 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. Those 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 Winterhaven Fire Protection District, as of January 31, 2004, and the results of its operations for the seven months then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully Submitted

Douglas R. Newland, CPA
Imperial County Auditor-Controller

April 19, 2004

WINTERHAVEN FIRE PROTECTION DISTRICT
COMBINED BALANCE SHEET – ALL FUND TYPES
AND ACCOUNT GROUPS
Seven Months Ended January 31, 2004

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Account</u> <u>Group</u>
	<u>General</u> <u>Fund</u>	<u>Fixed</u> <u>Assets</u>	<u>Long-term</u> <u>Debt</u>
ASSETS			
Contract receivable	\$ 4,038	\$ --	\$ --
Property, plant and equipment	--	47,437	--
Amount to be provided for debt payments	--	--	10,948
	<u>\$ 4,038</u>	<u>\$ 47,437</u>	<u>\$ 10,948</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Deficit Cash	\$ 5,670	\$ --	\$ --
Accounts Payable	12,170	--	--
Current Obligation	--	--	1,618
Obligation under long-term debt	--	--	9,330
	<u>17,839</u>	<u>--</u>	<u>10,948</u>
 Fund Equity			
Investment in general fixed assets	--	47,437	--
Reserve - imprest cash	300	--	--
Fund balance - reserved	11,370	--	--
Fund balance - unreserved	<u>(25,471)</u>	<u>--</u>	<u>--</u>
	<u>(13,801)</u>	<u>47,437</u>	<u>--</u>
	<u>\$ 4,038</u>	<u>\$ 47,437</u>	<u>\$ 10,948</u>

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

WINTERHAVEN FIRE PROTECTION DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Seven Months Ended January 31, 2004

	<u>General Fund</u>
Revenues	
Ad valorem taxes, penalties and interest	\$ 5,266
Interest income	(130)
Proceeds State Domestic Preparedness Equipment Grant	(2,127)
Fire contribution - County	<u>27,672</u>
	<u>30,681</u>
Expenditures	
Communications	2,542
Other operations - equipment	8,686
Office expense	3,820
Salaries	17,438
Insurance	6,333
Maintenance	1,859
Utilities	2,298
Other expenses	1,708
Commissioners fees	1,477
Miscellaneous expenses	<u>3,053</u>
	<u>49,214</u>
Excess of revenues over (under) expenditures	(18,534)
Fund balance July 1, 2003	<u>4,732</u>
Fund balance January 31, 2004	<u>\$ (13,801)</u>

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

WINTERHAVEN FIRE PROTECTION DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
Seven Months Ended January 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes, penalties and interest	\$ 23,300	\$ 5,266	\$ (18,034)
Interest income	2,000	(130)	(2,130)
Fire contribution - County	<u>47,860</u>	<u>27,672</u>	<u>(20,188)</u>
Grant funds	<u>--</u>	<u>(2,127)</u>	<u>(2,127)</u>
	<u>73,160</u>	<u>30,681</u>	<u>(42,479)</u>
Expenditures			
Clothing and personal supplies	650	--	650
Communications	1,500	2,542	(1,042)
Maintenance - building and equipment	300	--	300
Other operations - equipment	2,300	8,686	(6,386)
Office expense	1,500	3,820	(2,320)
Salaries	51,200	17,438	33,762
Insurance	1,750	6,333	(4,583)
Maintenance	--	1,859	(1,859)
Utilities	2,500	2,298	202
Other expenses	--	1,708	(1,708)
Commissioners fees	--	1,477	(1,477)
Training	300	--	300
Miscellaneous expenses	<u>3,000</u>	<u>3,053</u>	<u>(53)</u>
	<u>65,000</u>	<u>49,214</u>	<u>15,786</u>
Excess of revenues over (under) expenditures	<u>\$ 8,160</u>	<u>(18,534)</u>	<u>\$ (26,694)</u>
Fund balance July 1, 2003		<u>4,732</u>	
Fund balance January 31, 2004		<u>\$ (13,801)</u>	

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

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General

The Winterhaven Fire Protection District (the District) was formed May 3, 1948 under the Health and Safety Code of the State of California to provide fire and emergency medical services to the Winterhaven area. The district is governed by a Board of Fire Commissioners consisting of five members elected or appointed for four-year terms.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate entity.

Governmental Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Account Groups

The Fixed Assets Account Group and Long-term Debt Account Group are concerned with measurement of financial position; they are not involved with measurement of results of operations. All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. The Fire District defines capital assets as assets with initial, individual costs of more than \$1,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

The estimated useful lives are as follows:

Buildings	40 years
Equipment	5- 10 years
Office Furniture	5 years
Fire Trucks	15 years
Cars and Light Trucks	5 years

WINTERHAVEN FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
Seven Months Ended January 31, 2004**

The Fixed Assets Account Group consists of:

Land	\$ 3,625
Buildings	48,097
Equipment	175,328
Less: Accumulated Depreciation	<u>(179,613)</u>
	<u>\$ 47,437</u>

The Long-term Debt Account Group consists of:

Note payable – USDA	<u>\$ 10,948</u>
---------------------	------------------

Basis of Accounting

The accounting records are maintained on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash in the treasury is held by the Imperial County Treasurer's office. Funds held with the Treasurer are pooled with other District's funds and invested. The District is paid a proportionate amount of interest on pooled funds. Payment requests are processed by the County monthly to pay current accounts payable. Funds are requested on a periodic basis from the County and deposited into a local bank account to cover salary expenditures.

Budget

The District prepares a budget for the General Fund. Upon adoption by the Board of Directors, the budget is filed with the Board of Supervisors of the County of Imperial. All appropriations lapse at year-end.

Principles Determining Scope of Reporting Entity

The financial statements consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled or dependent on the District.

Total Columns on Combined Statements

Total columns on the Combined 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 cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE 3. DEPOSITS AND INVESTMENTS

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WINTERHAVEN FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
Seven Months Ended January 31, 2004**

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Deposits - At year end, the carrying amount of the District's deposits were (\$3,309) and the bank balance was \$2,173. The bank balance is classified into three categories of credit risk:

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	<u>Categories</u>			Total
	1	2	3	
Deposits	\$2,173	\$0	\$0	\$2,173

Investments - The District's investments are classified into three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
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Classification of Investments by Credit Risk

	<u>Categories</u>			Carrying Amount	Market Value
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County Investment Pool (uncategorized)	\$0	\$0	\$0	(\$2,360)	(\$2,360)

WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 4. EXTERNAL INVESTMENT POOL

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WINTERHAVEN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS Seven Months Ended January 31, 2004

NOTE 7. GOING CONCERN

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The District's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis.

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

1) Cash

Finding:

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Recommendation: As noted above, a receipt for cash received was issued for \$1,710.00, but we were unable to determine what happened to the funds as they were not deposited into either bank account. We recommend that this be further investigated by the proper authorities to determine the actual events surrounding these funds.

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

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- 1) Complete reconciliation of bank accounts on a monthly basis.
- 2) Issue pre-numbered receipts for all cash and checks received.
- 3) Maintain duplicate copy of bank deposits.
- 4) Issue checks from bank accounts in numeric order.
- 5) Maintain a filing system in which the back up for all checks issued is easily accessible.
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State Domestic Preparedness Equipment Grant \$10,236.86

Finding:

On February 26, 2003, a check was issued by the county fire department for a grant it had received from the State Domestic Preparedness Equipment Project. The funds were to be used to purchase self-contained breathing apparatus. The Winterhaven Fire District deposited the check into its equipment bank account on March 18, 2003. The breathing apparatus was shipped to the Winterhaven Fire District on September 26, 2003, but the fire district did not begin making payments until March 10, 2004. The payments are being made from claims submitted to the county as the grant funds received in the equipment bank account were expended on other items. The total cost of the apparatus was \$8,110.00. The difference between the grant award of \$10,236.86 and the amount of the purchase is \$2,126.86, which must be repaid to the State of California according to page 5, item 15a of the grant agreement, which states "promptly return to the State of California all funds received which exceed the approved, actual expenditures as accepted by the federal or state government."

WINTERHAVEN FIRE PROTECTION DISTRICT

AUDIT FINDINGS AND RECOMMENDATIONS Seven Months Ended January 31, 2004

Recommendation: This item was noted in the previous audit and the recommendation is the same. According to Fire District personnel, the breathing apparatus purchased do not meet the required standards and being returned to the vendor for retrofitting. The additional cost associated with the retrofit may resolve the need to return the unspent funds of \$2,126.86. However, until this matter is resolved, the Fire District should monitor any unspent grant funds so that they are returned as required.

3) Bookkeeper's Salary

Finding: Part of our testing of the records including reviewing the Board of Fire Commissioner's minutes and comparing the number of hours approved to be paid to the bookkeeper to the actual number of hours paid. It appears from the worksheet prepared by the bookkeeper to be included with the Board of Commissioner's minutes (which have not yet been transcribed) that for the months of July 2003 through October 2003 the bookkeeper should have been paid \$1,255.96, however, the actual disbursements were \$3,237.10.

Recommendation: It appears that the bookkeeper was overpaid \$1,981.14 for the period July 2003 through October 2003. We recommend that this overpayment be investigated by the proper authorities to determine if these monies should be reimbursed to the fire district.

The bookkeeper was not required to maintain a timesheet. The only record of her time reported was a worksheet that was to be included with the Board of Commissioner's minutes, which as of the audit date had not been transcribed. It is recommended that in the future the bookkeeper keep a monthly timesheet, which is signed off on by the board. The approved timesheet should be entered into the record of the Board of Fire Commissioners.

WINTERHAVEN FIRE PROTECTION DISTRICT

**AUDIT FINDINGS AND RECOMMENDATIONS
Seven Months Ended January 31, 2004**

4) Firefighter Call Pay

Finding:

As part of our testing we reviewed the number of calls responded to by each of the firefighters per the duty roster and compared that to the number of calls the firefighters were reimbursed for. It was noted that for one of the fire fighters, the duty roster and the number of calls reimbursed were not the same, see table below:

	<u>Duty Roster</u>	<u>Number of Calls Reimbursed</u>
July 2003	17	70
August 2003	26	70
September 2003	25	65

Recommendation: It appears that the fire fighter may have been overpaid for the number of calls responded to. We recommend that this overpayment be investigated by the proper authorities to determine if these monies should be reimbursed to the fire district.

In addition, we recommend that in the future, the number of calls reported on the duty roster is verified to agree with number of response forms completed for each call out and that the board review the checks carefully against the calls reported to confirm that the firefighters are not being reimbursed for calls they did not respond to.

WINTERHAVEN FIRE DISTRICT

Audit responses

1) Cash

1. As of May 2004 a new Bookkeeper/Secretary was hired part time.
2. Bank reconciliations will be done on a monthly basis. Two copies will be made for the bank statements.
3. Will record all transactions check/cash on a cash receipt book, three parts original will stay in book, copy yellow for the person bringing the money/check. Copy white for bank statement.
3. Starting May all checks will be written in numeric order.
4. Started filling all vendors file making notes and making sure all back up information is in the file.
5. Will submit a monthly report to board members of all transactions, Original demands for payments will be passed to the board for signatures and approval, back up will be attached. One copy of the signed and approved demand and invoice will be kept.
6. As of May bank account closed. All unused checks were destroyed. Balance of that bank account was transfer to or Account No. 25495468.

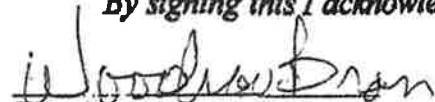
2) Grants


1. Copy of the grants will be kept and will monitor the expenses, and will make sure we are not spending the monies on items not specified in the grant. If we need to do that we will write an amendment to the grantee for approval.

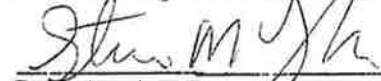
3) Bookkeepers Salary


1. As of May of 2004 or new Bookkeeper/Salary is paid a monthly set amount, we are keeping track of the hours. At the end of the year a 1099 will be issued for tax purposes.
2. As of May we reported the incident of the old bookkeeper to the proper authorities for investigation, and bookkeeper was notified by mail that his services will no longer be needed.

By signing this I acknowledge I have read and accept the above statements.


Woodrow Brown Chairman


Wallace Dugan Jr. Vice Chairman


Steve Taylor Commissioner


Susie Gilbert Commissioner


Pearl Joaquin Commissioner


Jarrell Brown Fire Chief