

Washington State Auditor's Office
Accountability Audit Report

**Island County Fire Protection District
No. 5
(Central Whidbey Island Fire and
Rescue)**

Audit Period
January 1, 2001 through December 31, 2002

Report No. 65992

Issue Date
January 23, 2004



Washington _____
State Auditor
_____ Brian Sonntag

Audit Summary

**Central Whidbey Island Fire and Rescue
Island County
January 1, 2001 through December 31, 2002**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Central Whidbey Island Fire and Rescue for the period January 1, 2001, through December 31, 2002.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also evaluated the internal controls established by District management. Our work focused on specific areas that have potential for abuse or misuse of public resources.

RESULTS

The District complied with state laws and regulations and its own policies and procedures. We did not identify conditions significant enough to report as findings.

CLOSING REMARKS

We thank District officials and personnel for their assistance and cooperation during the audit.

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Island County
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Description of the District

Central Whidbey Island Fire and Rescue Island County January 1, 2001 through December 31, 2002

ABOUT THE DISTRICT

Central Whidbey Island Fire and Rescue serves approximately 52 square miles, or about one-quarter of the Island's geographical area. Annual revenues range from \$925,000 to \$995,000. The primary source of the District's revenue is property tax.

A three-member elected Board of Commissioners serving six year terms governs the District. The District is administered by one full-time Fire Chief appointed by the Commissioners, two Captains and an Office Manager. The remaining employees are either part-time or volunteer firefighters. There are about 30-40 volunteer firefighters in a given year. The firefighters provide fire prevention and suppression services and emergency medical services.

AUDIT HISTORY

The District is audited every two years. During the last four years, the District has had no audit findings. The District has responded to the State Auditor's Office recommendations on improvements to controls and monitoring.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:
Chairperson

Cheryl Engle
Paul Messner
Tom Smith

APPOINTED OFFICIALS

District Chief
District Secretary

Joseph Biller
Kim Harpe

ADDRESS

District

1164 Race Road
Coupeville, WA 98239

Audit Areas Examined

Central Whidbey Island Fire and Rescue Island County January 1, 2001 through December 31, 2002

In keeping with general auditing practices, we do not examine every portion of the Central Whidbey Island Fire and Rescue's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Cash receipting and revenues
- Petty cash and travel imprest accounts
- Property and equipment
- Payroll
- Purchase of goods and services

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Risk management
- Budgeting requirements
- Ethics/conflict of interest laws
- Long-term debt covenant compliance
- Timely deposit of public funds
- Allowable expenditures
- Credit card usage
- Advance travel payments and reimbursements



Washington State Auditor's Office
Island County Fire Protection District No. 5
Central Whidbey Fire District No. 5
January 1, 2001 through December 31, 2002

Date & Time: December 29, 2003, 1:00pm

Location: Phone exit

Attendees:

SAO:

Spencer Bright, Assistant State Auditor

Sharyl Raines, Assistant Audit Manager

Fire District #5:

Introductions:

We reviewed the District's safeguarding of higher risk assets and stewardship of public resources. We also tested compliance with applicable laws and regulations as well as the District's own policies and procedures. In conjunction with this audit work, we performed supplemental procedures necessary to provide an opinion on the financial statements.

Audit Reports:

Accountability Report

Findings, Management Letter: None

Exit Items:

- Debt Covenant

The District has outstanding debt with a "continuing disclosure requirement". The bond covenant requires the District to report its financial position (and significant events) to the four Nationally Recognized Municipal Services Repositories annually. We recommend the District review and comply with its debt covenants on an annual basis.

- Investment Variance

The District issues authorization letters to the County Treasurer for all its investments. In 2002 and 2001 the authorized amounts were different than the actual amounts invested by the County. The County invested \$28,321 more than authorized in 2002 and under invested \$6,000 in 2001. We recommend the District monitor and reconcile the investment authorization to the actual investments monthly, and obtain explanations for all variances.

- Charge Card Policies and Procedures

The District should have a written policies and procedures for the proper use of the District's credit cards.

- Advance Travel Fund

During our review of the Advance Travel Fund we observed 3 instances where no documentation was present to determine what the deposits were for. To provide an improved audit trail we recommend a copy of the receipt(s) be attached to the deposit slip.

- Expenditure Support

Our testing of expenditures found instances where the support for payment of meals did not list the attendees at the meetings to document the purpose and benefit to the District. The attendees and purpose should be recorded on the supporting documentation for all meetings with meals.

Preparation for Next Year's Audit

Customer Survey

Acknowledgements:

We commend the District's staff for their professionalism and cooperation in helping us complete the audit in an efficient and effective manner. They were very helpful and did an excellent job ensuring the District's records were complete, well organized and readily available.

In addition, we would like to express our appreciation to the District for providing a convenient working space. We look forward to working with you again. Throughout the year, feel free to contact our office if questions arise for which you would like our input.