

**Washington State Auditor's Office**  
**Financial Statements Audit Report**

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**King County Fire Protection District  
No. 44  
(Mountain View Fire and Rescue)**

Audit Period  
January 1, 2008 through December 31, 2008

Report No. 1003153

Issue Date  
March 15, 2010



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

March 15, 2010

Board of Commissioners  
Mountain View Fire and Rescue  
Auburn, Washington

***Report on Financial Statements***

Please find attached our report on Mountain View Fire and Rescue's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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King County  
January 1, 2008 through December 31, 2008**

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**Independent Auditor's Report on Internal  
Control over Financial Reporting and on  
Compliance and Other Matters in Accordance  
with *Government Auditing Standards***

**Mountain View Fire and Rescue  
King County  
January 1, 2008 through December 31, 2008**

Board of Commissioners  
Mountain View Fire and Rescue  
Auburn, Washington

We have audited the financial statements of Mountain View Fire and Rescue, King County, Washington, as of and for the year ended December 31, 2008, and have issued our report thereon dated January 29, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

January 29, 2010

# **Independent Auditor's Report on Financial Statements**

## **Mountain View Fire and Rescue King County January 1, 2008 through December 31, 2008**

Board of Commissioners  
Mountain View Fire and Rescue  
Auburn, Washington

We have audited the accompanying financial statements of Mountain View Fire and Rescue, King County, Washington, for the year ended December 31, 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Mountain View Fire and Rescue, for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Long-Term Debt is presented for purposes of

additional analysis as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

January 29, 2010

# **Financial Section**

**Mountain View Fire and Rescue  
King County  
January 1, 2008 through December 31, 2008**

## ***FINANCIAL STATEMENTS***

Resources and Uses Arising from Cash Transactions – 2008  
Notes to Financial Statements – 2008

## ***SUPPLEMENTAL INFORMATION***

Schedule of Long-Term Debt – 2008



King County Fire District 44  
**RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
 For the Year Ended December 31, 2008

Code	Description	Total for All Funds	Current 001	Special 100	Special 101	Debt Service 200
308	Beginning Net Cash and Investment	2,967,197	253,887		1,928,141	
<b>REVENUES AND OTHER SOURCES</b>						
310	Taxes	4,659,955	2,716,201		1,943,754	
320	Licenses and Permits	3,825	3,825			
330	Intergovernmental Revenues	1,644	1,644			
340	Charges for Goods and Services	1,016,280	1,016,280			
350	Fines and Forfeits					
360	Miscellaneous	101,138	97,691	3,564	-991	5
390	Other Financing Sources	6,483,485	2,045,781	215,031		
<b>TOTAL REVENUE AND OTHER FINANCING</b>		<b>12,266,326</b>	<b>5,881,422</b>	<b>218,596</b>	<b>1,942,762</b>	<b>5</b>
<b>TOTAL RESOURCES</b>		<b>15,233,523</b>	<b>6,135,309</b>	<b>218,596</b>	<b>3,870,903</b>	<b>5</b>
<b>EXPENDITURES AND OTHER USES</b>						
510	General Government Services	40,023	40,023			
520	Public Safety	3,778,043	3,756,843			
<b>TOTAL OPERATING EXPENDITURES</b>		<b>3,818,066</b>	<b>3,796,866</b>			
591-593	Debt Service	115,867	115,867			
594	Capital Expenditures	32,178	32,178			
<b>TOTAL EXPENDITURES</b>		<b>3,966,111</b>	<b>3,944,911</b>			
596-599	Other Financing Uses	2,455,833	216,531		1,959,302	
<b>TOTAL EXPENDITURES AND OTHER USES</b>		<b>6,421,944</b>	<b>4,161,442</b>		<b>1,959,302</b>	
<b>EXCESS/DEFICIT OF RESOURCES OVER USES</b>		<b>8,811,579</b>	<b>1,973,867</b>	<b>218,596</b>	<b>1,911,601</b>	<b>5</b>
380	Nonrevenues (except 384 and 388.80)	6,100	6,100			
580	Nonexpenditures (except 584 and 588.80)	1,024,262	1,024,262			
508	Ending Cash and Investments	7,793,417	955,705	218,596	1,911,601	5

The Accompanying Notes Are An Integral Part Of This Statement

King County Fire District 44  
**RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
 For the Year Ended December 31, 2008

Code	Description	Debt Service 201	Capital Project 300
308	Beginning Net Cash and Investment		785,169
	<b>REVENUES AND OTHER SOURCES</b>		
310	Taxes		
320	Licenses and Permits		
330	Intergovernmental Revenues		
340	Charges for Goods and Services		
350	Fines and Forfeits		
360	Miscellaneous	869	
390	Other Financing Sources	1,524	4,221,149
	<b>TOTAL REVENUE AND OTHER FINANCING</b>	<b>1,524</b>	<b>4,222,018</b>
	<b>TOTAL RESOURCES</b>	<b>1,524</b>	<b>5,007,187</b>
	<b>EXPENDITURES AND OTHER USES</b>		
510	General Government Services		
520	Public Safety		21,200
	<b>TOTAL OPERATING EXPENDITURES</b>		<b>21,200</b>
591-593	Debt Service		
594	Capital Expenditures		21,200
	<b>TOTAL EXPENDITURES</b>		<b>21,200</b>
596-599	Other Financing Uses		280,000
	<b>TOTAL EXPENDITURES AND OTHER USES</b>		<b>301,200</b>
	<b>EXCESS/DEFICIT OF RESOURCES OVER USES</b>	<b>1,524</b>	<b>4,705,987</b>
380	Nonrevenues (except 384 and 388.80)		
580	Nonexpenditures (except 584 and 588.80)		
508	Ending Cash and Investments	1,524	4,705,987

The Accompanying Notes Are An Integral Part Of This Statement

**King County Fire District 44**  
*MCAG No 2534*  
**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended December 31, 2008*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

King County Fire Protection District #44 is a special purpose government that provides for prevention, fire suppression, emergency medical services, and for the protection of life and property to the general public and is supported primarily through property taxes. The District was incorporated in February 1953 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

**a. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

**GOVERNMENTAL FUND TYPES:**

**General (Current Expense) Fund**

This fund is the primary operating fund of the C5District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

**Debt Service Funds**

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

**Capital Project Funds**

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

**Reserve Funds**

These funds account for financial resources that are designated for operational expenses during the first part of the next budget year until property taxes are collected in April. Funds from the reserve account are transferred to the current expense fund for the purpose of district operations.

**b. Basis of Accounting**

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

**c. Cash**

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

d. Deposits

The District's deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

e. Capital Assets

Capital assets are long-lived assets of the District and are recorded as capital expenditures when purchased.

f. Compensated Absences

Sick leave may accumulate up to 1,200 hours. Upon separation or retirement employees do receive payment for unused sick leave.

Sick Leave per Local 3186 Contract 2006-2008

19.3 When an Employee leaves after five (5) years of continuous employment with the District, the District shall buy back all unused sick leave of the departing employee at a rate of 25%; up to 1,200 hours. The buy back shall be based on the employees rate of pay at the time the employee leaves employment of the district.

The District's estimated liability for sick leave termination benefits on December 31, 2008 was \$128,497.81.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed (at/after) the end of each month.

Property tax revenues are recognized when cash is received by the District.

Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The District regular levy for the year 2008 for collection in 2008 was \$1.50 per \$1,000 on an assessed valuation of \$3,156,416,891 for a total regular levy of \$4,734,625.

NOTE 4 - INVESTMENTS

The District's investments are held by the King County Treasurer as its agent in the District's name and invested in the King County Investment Pool. Investments by type at December 31, 2008 were as follows:

Type of Investment	Balance
General Fund (Expense)	955,705
Emergency Operating Fund	218,596
Capital Replacement	4,705,987
Reserve	1,911,601
Bond Payment 2008	1,524
COP	5
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Total	7,793,418
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**NOTE 5 - LONG-TERM DEBT**

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the District and summarizes the District's debt transactions for year 2008. The debt service requirements, including interest, are as follows:

	General Obligation Bonds	Other Debt	Total Debt
2004		63,865	63,865
2005		73,088	73,088
20__			
20__			
2008	3,998,476		3,998,476
20__ - 20__			
	-----	-----	-----
Totals	3,998,476	136,953	4,135,429
	=====	=====	=====

  

	Principal Paid/Pay	Interest Paid/Pay	Balance
Rescue Loan			
2005 (5 yr loan)	21,525.80	3,696.59	208,303.20
2006	43,513.33	6,931.47	164,789.87
2007	45,053.72	5,391.08	119,736.15
2008	46,648.65	3,796.15	73,087.50
2009	48,300.03	2,144.77	24,787.47
2010	24,787.47	434.93	0.00
 31733 Loan (12/16/04)			
2005 (5 yr loan)	56,556.27	8,865.89	243,859.73
2006	57,992.44	7,429.73	185,597.29
2007	59,887.48	5,534.68	125,709.81
2008	61,844.44	3,577.72	63,865.37
2009	63,865.37	1,556.80	0.00
 GO Bond 2008 (12/30/08)			
2008	0.00	0.00	3,998,476.40
2009	150,000.00	166,677.00	3,848,476.40
2010	140,000.00	178,055.00	3,708,476.40
2011	150,000.00	174,555.00	3,558,476.40
2012	150,000.00	169,493.00	3,408,476.40
2013-2017	815,000.00	765,365.00	2,593,476.40
2018-2022	1,005,000.00	578,370.00	1,588,476.40
2023-2027	1,290,000.00	295,790.00	98,476.40
2028	300,000.00	16,200.00	0.00

**NOTE 6 - PENSION PLANS**

Substantially all of the District's full-time and qualifying part-time employees participate in the LEOFF II and PERS II plan(s) administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia WA 98504-8380

OTHER DISCLOSURES

Extraordinary event occurred November 2008. General Obligation Bond passed by voter approval for \$7,500,000.00. \$4,000,000.00 bonds sold 12/30/08. Remaining bond(s) to be sold December 2009.

King County Fire District #44 holds three separate cash accounts for petty cash, revolving, and travel with a combined maximum balance of \$6,100.00 as stipulated in district policies.

MCAG No 2534  
 SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2008

Date of Original Issue	Date of Maturity	Balance at Beginning of Year	Amount Received This Year	Amount Receiving Account(s) and Fund(s)	Amount Redeemed This Year	Redeeming Account(s) and Fund(s)	Balance at End of Year
12/16/2004	12/16/2009	125,709			61,644	591,29.79	63,865
06/16/2005	06/16/2010	119,736			46,648	591.26.79	73,087
12/30/2008	12/30/2028		3,998,476				3,998,476
<b>Totals</b>		245,445	3,998,476		108,493		4,135,428



## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

**State Auditor**  
**Chief of Staff**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Jim Brittain, CPA**  
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