

Washington State Auditor's Office
Financial Statements Audit Report

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

Audit Period
January 1, 2011 through December 31, 2011

Report No. 1009000

Issue Date
January 22, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

January 22, 2013

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,

TROY KELLEY
STATE AUDITOR

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**Mountain View Fire and Rescue
King County
January 1, 2011 through December 31, 2011**

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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, 2011 through December 31, 2011**

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, 2011, and have issued our report thereon dated November 30, 2012.

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.

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 that reads "Troy X. Kelley". The signature is written in a cursive style with a large "X" in the middle.

TROY KELLEY
STATE AUDITOR

November 30, 2012

Independent Auditor's Report on Financial Statements

Mountain View Fire and Rescue King County January 1, 2011 through December 31, 2011

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, 2011. 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, 2011, 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 Liabilities 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The report is intended for the information and use of the management and the Board of Commissioners of the District. 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 cursive script that reads "Troy X. Kelley". The signature is written in black ink and is positioned above the printed name and title.

TROY KELLEY
STATE AUDITOR

November 30, 2012

Financial Section

**Mountain View Fire and Rescue
King County
January 1, 2011 through December 31, 2011**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2011
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SUPPLEMENTARY INFORMATION

Schedule of Liabilities – 2011

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

| Code | Description | All Funds | 000 ROLLUP | 100 EOF | 101 RSV17 | 200 BONDPYMT |
|---------|----------------------------------------------|-------------------|------------------|------------------|----------------|----------------|
| 308.10 | Reserved Beginning Cash & Investments | 1,976,023 | | 997,510 | | |
| 308.80 | Unreserved Beginning Cash & Investments | 3,681,871 | | | 403,214 | 37,299 |
| | BEGINNING CASH & INVESTMENTS | 8,168,475 | 2,510,582 | 997,510 | 403,214 | 37,299 |
| | REVENUES AND OTHER SOURCES | | | | | |
| 310 | Taxes | 3,971,082 | 3,386,526 | | 157 | 584,399 |
| 320 | Licenses and Permits | 2,240 | 2,240 | | | |
| 330 | Intergovernmental Revenues | 182,061 | 182,061 | | | |
| 340 | Charges for Goods and Services | 792,834 | 792,834 | | | |
| 350 | Fines and Forfeits | | | | | |
| 360 | Miscellaneous | 60,274 | 29,676 | 6,023 | 3,069 | 1,105 |
| 390 | Other Financing Sources | 1,859,415 | 1,670,000 | | 21,870 | |
| | TOTAL REVENUE AND OTHER FINANCING | 6,867,907 | 6,063,337 | 6,023 | 25,097 | 585,504 |
| | TOTAL RESOURCES | 15,036,382 | 8,573,919 | 1,003,533 | 428,311 | 622,803 |
| | EXPENDITURES AND OTHER USES | | | | | |
| 510 | General Government Services | 36,629 | 36,629 | | | |
| 520 | Public Safety | 7,187,476 | 4,262,172 | | 54,846 | |
| | TOTAL OPERATING EXPENDITURES | 7,224,105 | 4,298,801 | | 54,846 | |
| 591-593 | Debt Service | 588,689 | | | | 588,088 |
| 594 | Capital Expenditures | 245,188 | 42,839 | | | |
| | TOTAL EXPENDITURES | 8,057,982 | 4,341,640 | | 54,846 | 588,088 |
| 596-599 | Other Financing Uses | 1,859,415 | 1,859,415 | | | |
| | TOTAL EXPENDITURES AND OTHER USES | 9,917,397 | 6,201,055 | | 54,846 | 588,088 |
| | EXCESS/DEFICIT OF RESOURCES OVER USES | 5,118,985 | 2,372,864 | 1,003,533 | 373,465 | 34,716 |
| 380 | Nonrevenues (except 384 and 388.80) | | | | | |
| 580 | Nonexpenditures (except 584 and 588.80) | | | | | |
| 508.10 | Reserved Ending Cash & Investments | 1,989,544 | | 1,003,533 | | |
| 508.80 | Unreserved Ending Cash & Investments | 3,129,441 | 2,372,864 | | 373,465 | 34,716 |
| 508 | ENDING CASH & INVESTMENTS | 5,118,985 | 2,372,864 | 1,003,533 | 373,465 | 34,716 |

The Accompanying Notes Are An Integral Part Of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

| Code | Description | 201 COP | 300 BNDPRJ | 301 CAP |
|-----------------------------|-----------------------------------------|---------|------------|---------|
| 308.10 | Reserved Beginning Cash & Investments | | | 978,513 |
| 308.80 | Unreserved Beginning Cash & Investments | 53 | 3,241,304 | |
| | BEGINNING CASH & INVESTMENTS | 53 | 3,241,304 | 978,513 |
| REVENUES AND OTHER SOURCES | | | | |
| 310 | Taxes | | | |
| 320 | Licenses and Permits | | | |
| 330 | Intergovernmental Revenues | | | |
| 340 | Charges for Goods and Services | | | |
| 350 | Fines and Forfeits | | | |
| 360 | Miscellaneous | | 12,902 | 7,498 |
| 390 | Other Financing Sources | | 167,545 | |
| | TOTAL REVENUE AND OTHER FINANCING | | 180,448 | 7,498 |
| | TOTAL RESOURCES | 53 | 3,421,752 | 986,011 |
| EXPENDITURES AND OTHER USES | | | | |
| 510 | General Government Services | | | |
| 520 | Public Safety | | 2,870,458 | |
| | TOTAL OPERATING EXPENDITURES | | 2,870,458 | |
| 591-593 | Debt Service | | 602 | |
| 594 | Capital Expenditures | | 202,348 | |
| | TOTAL EXPENDITURES | | 3,073,409 | |
| 596-599 | Other Financing Uses | | | |
| | TOTAL EXPENDITURES AND OTHER USES | | 3,073,409 | |
| | EXCESS/DEFICIT OF RESOURCES OVER USES | 53 | 348,343 | 986,011 |
| 380 | Nonrevenues (except 384 and 388.80) | | | |
| 580 | Nonexpenditures (except 584 and 588.80) | | | |
| 508.10 | Reserved Ending Cash & Investments | | | 986,011 |
| 508.80 | Unreserved Ending Cash & Investments | 53 | 348,343 | |
| 508 | ENDING CASH & INVESTMENTS | 53 | 348,343 | 986,011 |

The Accompanying Notes Are An Integral Part Of This Statement

King County Fire District 44

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

King County Fire Protection District #44 reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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 (Special Purpose Districts).

King County Fire Protection District #44 uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

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 (remove those funds that are not applicable):

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

The General "Rollup" funds consists of several accounts as follows:

| | | |
|-----------------|------------|------------|
| Expense 44-0010 | 467803.78 | Unreserved |
| Reserve 44-6010 | 1878959.94 | Unreserved |
| Revolving | 23000.00 | Unreserved |
| Travel | 3000.00 | Unreserved |
| Petty Cash | 100.00 | Unreserved |

| | | |
|-------|------------|-------|
| Total | 2372863.72 | Total |
|-------|------------|-------|

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.

b. Basis of Accounting

King County Fire Protection District #44 reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the Cash Basis Budgeting Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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

King County Fire District 44

MCAG No 2534

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

is expensed when purchased.

c. Budgets

King County Fire Protection District #44 adopts annually appropriated budgets for the general expense and revenue funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annually appropriations for these funds lapse at the fiscal year end.

Annually appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows.

| Fund | Department | Description | Budet | Acutal Exp | Variance |
|-----------------------------|----------------------|-----------------------------|------------|------------|-----------|
| General Expense 10-044-0010 | | | | | |
| | 511-10-31 | Legislative Expenses | 6750.00 | 5859.00 | 891.00 |
| | 511-60-11 | Legislative Benefits | 21530.00 | 24294.48 | -2764.48 |
| | 511-70-70 | Election Fees | 6000.00 | -14.80 | 6014.80 |
| | 514-20-51 | Auditing | 4000.00 | 6490.28 | -2490.28 |
| | 522-10-11 | Fire Admin | 1325375.00 | 1265569.48 | 59805.52 |
| | 522-20-11 | Suppression | 2917040.00 | 2761124.84 | 155915.16 |
| | 522-30-31 | Fire Prevention | 6800.00 | 1941.03 | 4858.97 |
| | 522-40-31 | Suppression Training | 29200.00 | 27413.23 | 1786.77 |
| | 522-50-31 | Facility Supplies | 196675.00 | 126585.67 | 70089.33 |
| | 526-20-31 | EMS Operating | 77850.00 | -14702.86 | 92552.86 |
| | 526-40-41 | EMS Professional/Travel | 9000.00 | 5830.12 | 3169.88 |
| | 528-20-64 | Communications Capital | 52472.00 | 7943.27 | 44528.73 |
| | 528-50-48 | Communications M/R | 5000.00 | 7988.44 | -2988.44 |
| | 528-60-41 | Professional Communications | 76100.00 | 55977.55 | 20122.45 |
| | 528-80-42 | Communication Fees | 61300.00 | 59340.50 | 1959.50 |
| Total General Fund | | | | | |
| 10-044-0010 | General Expense Fund | | 4795092.00 | 4341640.23 | 453451.77 |

d. 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 cash and investments.

e. Deposits

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

f. Capital Assets

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

g. Compensated Absences

Sick leave may accumulate (indefinitely or up to 1200 hours). Upon separation or retirement employees do receive payment for unused sick leave.

Local Contract. Article 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 960 hours. The buy back shall be basedont he 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, 2011 was \$177,387.60

King County Fire District 44

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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 2011 for collection in 2011 was \$1.50 per \$1,000 on an assessed valuation of \$2,243,196,996 for a total regular levy of \$3,364,795.

NOTE 4 - INVESTMENTS

The District's investments are held by the county as its agent in the District's name. Investments by type at December 31, 2011 were as follows:

| Type of Investment | Balance |
|--------------------|------------|
| Reserve 17-6020 | 373465.07 |
| Bond Pymt 44-8510 | 34715.68 |
| Bond Prj 44-8512 | 348343.46 |
| Capital 44-3010 | 986010.77 |
| COP 44-8880 | 53.27 |
| EOF 44-1010 | 1003532.76 |
| Expense 44-0010 | 467803.78 |
| Reserve 44-6010 | 1878959.94 |
| Revolving | 23000.00 |
| Travel | 3000.00 |
| Petty Cash | 100.00 |
| | ----- |
| Total | 5118984.73 |
| | ===== |

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 2011. The debt service requirements, including interest, are as follows:

GO Bond 2008 (12/30/08)

| | Principal | Interest | Balance |
|-----------|-----------|----------|-----------|
| 2008 | | | 4,000,000 |
| 2009 | 150,000 | 166,677 | 3,850,000 |
| 2010 | 140,000 | 178,055 | 3,710,000 |
| 2011 | 150,000 | 174,555 | 3,560,000 |
| 2012 | 150,000 | 169,493 | 3,410,000 |
| 2013-2017 | 815,000 | 765,365 | 2,595,000 |
| 2018-2022 | 1,005,000 | 578,370 | 1,590,000 |
| 2023-2027 | 1,290,000 | 295,790 | 300,000 |
| 2028 | 300,000 | 16,200 | 0.00 |

GO Bond 2009 (12/30/09)

| | Principal | Interest | Balance |
|-----------|-----------|----------|-----------|
| 2009 | | | 3,500,000 |
| 2010 | 135,000 | 129,387 | 3,365,000 |
| 2011 | 135,000 | 128,533 | 3,230,000 |
| 2012 | 135,000 | 126,845 | 3,095,000 |
| 2013 | 135,000 | 124,955 | 2,960,000 |
| 2014-2018 | 745,000 | 569,375 | 2,215,000 |
| 2019-2023 | 880,000 | 434,378 | 1,335,000 |
| 2024-2028 | 1,085,000 | 228,450 | 250,000 |
| 2029 | 250,000 | 12,500 | 0 |

King County Fire District 44

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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

King County Fire Protection District #44 holds three separate cash accounts for petty cash, revolving, and travel with a combined maximum balance of \$6,100 as stipulated by district policy.

King County Fire Protection District #44 by resolution 10-459 also established \$20,000 to be deposited in the revolving fund from the bond project fund to be available for use from July 13, 2010 through December 31, 2012 at which time \$20,000 shall be returned to the bond project fund.

King County Fire District 44
SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2011

| Debt ID No Description | Issue Date Maturity Date | Beginning Balance | Additions | Reductions | Ending Balance | BARS Code for Redemptions of Debt Only |
|---------------------------|-----------------------------|----------------------|-----------|----------------|-------------------|-------------------------------------------|
| 251.12 Bond | 12/30/2008 12/30/2028 | 3,710,000 | | 150,000 | 3,560,000 | |
| 251.12 Bond | 12/30/2009 12/30/2029 | 3,365,000 | | 135,000 | 3,230,000 | |
| Totals | | 7,075,000 | 0 | 285,000 | 6,790,000 | |



ABOUT THE STATE AUDITOR'S OFFICE

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 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 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 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**

**Troy Kelley
Doug Cochran**

**Website
Subscription Service**

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