

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, 2007 through December 31, 2007

Report No. 1000270

Issue Date
December 15, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

December 15, 2008

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.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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**Mountain View Fire and Rescue
King County
January 1, 2007 through December 31, 2007**

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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, 2007 through December 31, 2007**

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, 2007, and have issued our report thereon dated November 10, 2008.

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 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 a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 10, 2008

Independent Auditor's Report on Financial Statements

Mountain View Fire and Rescue King County January 1, 2007 through December 31, 2007

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, 2007. 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 1b 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, 2007, on the basis of accounting described in Note 1b.

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 the last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 10, 2008

Financial Section

**Mountain View Fire and Rescue
King County
January 1, 2007 through December 31, 2007**

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 2007
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SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2007

King County Fire District 44
RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2007

Code	Description	Total for All Funds	Current Expense 001	Special Revenue 100	Special Revenue 101	Capital Project 300
308	Beginning Net Cash and Investment	2,642,756	1,011,664	511	883,480	747,102
REVENUES AND OTHER SOURCES						
310	Taxes	3,908,694	2,323,341		1,585,343	10
320	Licenses and Permits	5,970	5,970			
330	Intergovernmental Revenues	1,439	1,439			
340	Charges for Goods and Services	921,826	921,826			
350	Fines and Forfeits					
360	Miscellaneous	160,570	63,184	11	59,319	38,057
390	Other Financing Sources	600,521	600,521			
TOTAL REVENUE AND OTHER SOURCES		5,599,020	3,916,281	11	1,644,661	38,067
TOTAL RESOURCES		8,241,776	4,927,945	521	2,528,141	785,169
EXPENDITURES AND OTHER USES						
510	General Government Services	27,920	27,920			
520	Public Safety	4,467,308	4,467,308			
TOTAL OPERATING EXPENDITURES		4,495,228	4,495,228			
591-593	Debt Service					
594	Capital Expenditures	178,830	178,830			
TOTAL EXPENDITURES		4,674,058	4,674,058			
596-599	Other Financing Uses	600,521		521	600,000	
TOTAL EXPENDITURES AND OTHER USES		5,274,579	4,674,058	521	600,000	
EXCESS/DEFICIT OF RESOURCES OVER USES		2,967,197	253,887		1,928,141	785,169
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)					
508	Ending Cash and Investments	2,967,197	253,887		1,928,141	785,169

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, 2007

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 District. 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 (Reserve) 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 1200 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 1200 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, 2007 was \$121,671.42.

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 2006 for collection in 2007 was \$1.50 per \$1,000 on an assessed valuation of \$2,492,430,437 for a total regular levy of \$3,738,646.

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

at December 31, 2007 were as follows:

Type of Investment	Balance
General Fund (Expense)	253,887
Reserve	1,928,141
Capital	785,169

	2,967,197
Total	=====

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 2007. The debt service requirements, including interest, are as follows:

	General Obligation Bonds	Other Debt	Total Debt
2004		125,710	125,710
2005		119,736	119,736
20__			
20__			
20__			
20__ - 20__			
	-----	-----	-----
Totals		245,446	245,446
	=====	=====	=====

Rescue Loan	Principal Paid/Pay	Interest Paid/Pay	Balance
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
331733 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

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

King County Fire District 44
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

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 District #44 holds three (3) separate cash accounts for petty cash, revolving, and travel with a combined maximum balance of \$4,600.00 as stipulated in district policies.

Submitted on 05/13/08

King County Fire District 44
 SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2007

Date of Original Issue	Date of Maturity	Balance at Beginning of Year	Amount Received This Year	Amount Redeeming This Year	Balance at End of Year
12/16/2004	12/16/2009	185,597		59,887	125,709
06/16/2005	06/16/2010	164,789		45,053	119,735
Totals		350,386	0	104,941	245,444



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 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 has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. 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 program to coordinate audit efficiency and to ensure high-quality audits.

State Auditor
Chief of Staff
Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free hotline for government efficiency

Brian Sonntag, CGFM
Ted Rutt
Jerry Puggnetti
Doug Cochran
Chuck Pfeil, CPA
Linda Long, CPA, CGFM
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Jan Jutte
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