

**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, 2009 through December 31, 2009

Report No. 1004655

Issue Date  
December 6, 2010



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

December 6, 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, 2009 through December 31, 2009**

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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, 2009 through December 31, 2009**

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, 2009, and have issued our report thereon dated October 18, 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

October 18, 2010

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

## **Mountain View Fire and Rescue King County January 1, 2009 through December 31, 2009**

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, 2009. 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, 2009, 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

October 18, 2010

# **Financial Section**

**Mountain View Fire and Rescue  
King County  
January 1, 2009 through December 31, 2009**

***FINANCIAL STATEMENTS***

Resources and Uses Arising from Cash Transactions – 2009  
Notes to Financial Statements – 2009

***SUPPLEMENTAL INFORMATION***

Schedule of Long-Term Debt – 2009

**King County Fire District 44**  
**RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
*For the Year Ended December 31, 2009*

Code	Description	Total for All	Current	Current	Special	Special
308	Beginning Net Cash and Investment	8,409,968	230,484	949,605	218,596	384,659
<b>REVENUES AND OTHER SOURCES</b>						
310	Taxes	4,466,289	10,320	1,902,263		117
320	Licenses and Permits	2,410		2,410		
330	Intergovernmental Revenues	343,215		343,215		
340	Charges for Goods and Services	764,550		764,550		
350	Fines and Forfeits					
360	Miscellaneous	154,106	4,051	19,054	3,927	7,275
390	Other Financing Sources	10,413,105		2,366,230		
<b>TOTAL REVENUE AND OTHER FINANCING</b>		<b>16,143,675</b>	<b>14,371</b>	<b>5,397,722</b>	<b>3,927</b>	<b>7,392</b>
<b>TOTAL RESOURCES</b>		<b>24,553,642</b>	<b>244,855</b>	<b>6,347,327</b>	<b>222,522</b>	<b>392,051</b>
<b>EXPENDITURES AND OTHER USES</b>						
510	General Government Services	77,972		77,972		
520	Public Safety	4,671,154	54,160	3,792,588		
<b>TOTAL OPERATING EXPENDITURES</b>		<b>4,749,125</b>	<b>54,160</b>	<b>3,870,560</b>		
591-593	Debt Service	444,707				
594	Capital Expenditures	1,213,406		424,079		
<b>TOTAL EXPENDITURES</b>		<b>6,407,238</b>	<b>54,160</b>	<b>4,294,639</b>		
596-599	Other Financing Uses	6,903,647	40,000	366,967		
<b>TOTAL EXPENDITURES AND OTHER USES</b>		<b>13,310,885</b>	<b>94,160</b>	<b>4,661,606</b>		
<b>EXCESS/DEFICIT OF RESOURCES OVER USES</b>		<b>11,242,758</b>	<b>150,695</b>	<b>1,685,721</b>	<b>222,522</b>	<b>392,051</b>
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)	569,464		569,464		
508	Ending Cash and Investments	10,673,294	150,695	1,116,258	222,522	392,051

The Accompanying Notes Are An Integral Part Of This Statement

MCAG No 2534 King County Fire District 44  
**RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
*For the Year Ended December 31, 2009*

Code	Description	Special	Special	Special	Special	Debt Service
308	Beginning Net Cash and Investment	1,911,601				1,524
	<b>REVENUES AND OTHER SOURCES</b>					
310	Taxes	1,769,993	203,990	32,921	217,290	161,634
320	Licenses and Permits					
330	Intergovernmental Revenues					
340	Charges for Goods and Services					
350	Fines and Forfeits					
360	Miscellaneous	32,682	1,014	165	1,080	9,935
390	Other Financing Sources					399,498
	<b>TOTAL REVENUE AND OTHER FINANCING</b>	<b>1,802,675</b>	<b>205,004</b>	<b>33,086</b>	<b>218,371</b>	<b>571,067</b>
	<b>TOTAL RESOURCES</b>	<b>3,714,276</b>	<b>205,004</b>	<b>33,086</b>	<b>218,371</b>	<b>572,591</b>
	<b>EXPENDITURES AND OTHER USES</b>					
510	General Government Services					
520	Public Safety					
	<b>TOTAL OPERATING EXPENDITURES</b>					
591-593	Debt Service					316,677
594	Capital Expenditures					
	<b>TOTAL EXPENDITURES</b>					<b>316,677</b>
596-599	Other Financing Uses	2,322,340				1,524
	<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>2,322,340</b>				<b>318,201</b>
	<b>EXCESS/DEFICIT OF RESOURCES OVER USES</b>	<b>1,391,936</b>	<b>205,004</b>	<b>33,086</b>	<b>218,371</b>	<b>254,390</b>
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)					
508	Ending Cash and Investments	1,391,936	205,004	33,086	218,371	254,390

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, 2009*

Code	Description	Debt Service	Debt Service	Debt Service	Capital Project	Capital Project
308	Beginning Net Cash and Investment	5	7,154	353		4,705,987
	<b>REVENUES AND OTHER SOURCES</b>					
310	Taxes		745	517		166,498
320	Licenses and Permits					
330	Intergovernmental Revenues					
340	Charges for Goods and Services					
350	Fines and Forfeits					
360	Miscellaneous	47	153	26	58,117	16,582
390	Other Financing Sources	115,867			4,025,942	3,505,568
	<b>TOTAL REVENUE AND OTHER FINANCING</b>	<b>115,914</b>	<b>898</b>	<b>543</b>	<b>4,084,058</b>	<b>3,688,648</b>
	<b>TOTAL RESOURCES</b>	<b>115,919</b>	<b>8,052</b>	<b>896</b>	<b>4,084,058</b>	<b>8,394,635</b>
	<b>EXPENDITURES AND OTHER USES</b>					
510	General Government Services				824,406	
520	Public Safety				824,406	
	<b>TOTAL OPERATING EXPENDITURES</b>	<b>115,867</b>			<b>12,163</b>	
591-593	Debt Service				789,327	
594	Capital Expenditures				1,625,895	
	<b>TOTAL EXPENDITURES</b>	<b>115,867</b>			<b>1,625,895</b>	
596-599	Other Financing Uses					4,172,816
	<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>115,867</b>			<b>1,625,895</b>	<b>4,172,816</b>
	<b>EXCESS/DEFICIT OF RESOURCES OVER USES</b>	<b>52</b>	<b>8,052</b>	<b>896</b>	<b>2,458,163</b>	<b>4,221,819</b>
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)					
508	Ending Cash and Investments	52	8,052	896	2,458,163	4,221,819

The Accompanying Notes Are An Integral Part Of This Statement

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

## 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.

## Special Revenue Funds

These funds account for the proceeds of specific revenue source (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

## 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

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 an other 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 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).

**NOTES TO FINANCIAL STATEMENTS**  
*For the Year Ended December 31, 2009*

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.

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 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, 2009 was \$285,530.

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 2009 for collection in 2009 was \$1.50 per \$1,000 on an assessed valuation of \$2,713,275.933 for a total regular levy of \$4,069,914.

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, 2009 were as follows:

Type of Investment	Balance
Expense KCFD17	150,695
Expense KCFD44	1,116,258
Emergency Operating	222,522
Reserve KCFD17	392,051
Reserve KCFD44	1,391,936
Reserve 17/44 Merge	205,004
Lea Hill	33,086
Expense 17/44 Merge	218,371
Bond Payment	254,390
COP	52
GO Bond 2 KCFD17	8,052
GO Bond KCFD17	896
Bond Project	2,458,163
Capital	4,221,819
	-----
Total	10,673,294
	=====

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 2009. The debt service requirements, including interest, are as follows:

General

**NOTES TO FINANCIAL STATEMENTS**  
 For the Year Ended December 31, 2009

	Obligation Bonds	Other Debt	Total Debt
2005		24,787	
20__			
20__			
2008	4,000,000		
2009	3,500,000		
20__ - 20__			
Totals	7,500,000	24,787	

Rescue Loan	Principal	Interest	Balance
2005 (5 yr loan)	21525.80	3696.59	208303.20
2006	43513.33	6931.47	164789.87
2007	45053.72	5391.08	119736.15
2008	46648.65	3796.15	73087.50
2009	48300.03	2144.77	24787.47
2010	24787.47	434.93	0.00

GO Bond 2008 (12/30/08)	Principal	Interest	Balance
2008	0.00	0.00	4000000.00
2009	150000.00	166677.00	3850000.00
2010	140000.00	178055.00	3710000.00
2011	150000.00	174555.00	3560000.00
2012	150000.00	169493.00	3410000.00
2013-2017	815000.00	765365.00	2595000.00
2018-2022	1005000.00	578370.00	1590000.00
2023-2027	1290000.00	295790.00	300000.00
2028	300000.00	16200.00	0.00

GO Bond 2009 (12/30/09)	Principal	Interest	Balance
2009	0.00	0.00	3500000.00
2010	135000.00	129387.00	3365000.00
2011	135000.00	128533.00	3230000.00
2012	135000.00	126845.00	3095000.00
2013	135000.00	124955.00	2960000.00
2014-2018	745000.00	569375.00	2215000.00
2019-2023	880000.00	434378.00	1335000.00
2024-2028	1085000.00	228450.00	250000.00
2029	250000.00	12500.00	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**

The district was awarded a Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS) grant for year 2008 Assistance to Firefighters Grant in the amount of \$268785.00 Award #EMW-2008-FV-06601.

**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended December 31, 2009*

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In November of 2008 a General Obligation Bond was passed by voter approval for \$7,500,000. \$4,000,000 bonds sold on 12/30/08. \$3,500,000 bonds sold on 12/30/09.

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 in district policy.

Submitted on 10/13/2010

**SCHEDULE OF LONG-TERM DEBT**

For the Year Ended December 31, 2009

Date of Original Issue	Date of Maturity	Balance at	Amount	Receiving Account(s) and Fund(s)	Amount	Redeeming Account(s) and Fund(s)	Balance at
12/16/2004	12/16/2009	63,865			63,865		
06/16/2005	06/16/2010	73,087			47,864		25,222
12/30/2008	12/30/2028	4,000,000			150,000		3,850,000
12/30/2009	12/30/2029		3,500,000				3,500,000
<b>Totals</b>		4,136,952	3,500,000		261,729		7,375,222



## **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**  
**Jan Jutte, CPA, CGFM**  
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