

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, 2010 through December 31, 2010

Report No. 1006973

Issue Date
January 3, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 3, 2012

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, 2010 through December 31, 2010**

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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, 2010 through December 31, 2010**

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, 2010, and have issued our report thereon dated November 21, 2011.

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, 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

November 21, 2011

Independent Auditor's Report on Financial Statements

Mountain View Fire and Rescue King County January 1, 2010 through December 31, 2010

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, 2010. 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, 2010, 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 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 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

November 21, 2011

Financial Section

**Mountain View Fire and Rescue
King County
January 1, 2010 through December 31, 2010**

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 2010
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SUPPLEMENTAL INFORMATION

Schedule of Long-Term Liabilities – 2010

King County Fire District 44
RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2010

Code	Description	All Funds	Expense 001	Expense 002	Special 100	Special 101
	BEGINNING CASH & INVESTMENTS	10,673,294	150,695	1,116,258	222,522	392,051
	REVENUES AND OTHER SOURCES					
310	Taxes	3,883,067	2,199	1,206,737		179
320	Licenses and Permits	2,440		2,440		
330	Intergovernmental Revenues	2,186		2,186		
340	Charges for Goods and Services	765,186		765,186		
350	Fines and Forfeits					
360	Miscellaneous	104,108	2,141	13,346	7,172	3,396
390	Other Financing Sources	7,353,009		1,649,716	1,820,816	9,471
	TOTAL REVENUE AND OTHER FINANCING	12,109,995	4,340	3,639,611	1,827,988	13,046
	TOTAL RESOURCES	22,783,289	155,034	4,755,868	2,050,510	405,096
	EXPENDITURES AND OTHER USES					
510	General Government Services	45,080		45,080		
520	Public Safety	5,535,357		3,838,610		1,882
	TOTAL OPERATING EXPENDITURES	5,580,437		3,883,690		1,882
591-593	Debt Service	608,268				
594	Capital Expenditures	1,099,199		25,320		
	TOTAL EXPENDITURES	7,287,905		3,909,010		1,882
596-599	Other Financing Uses	7,353,009	155,034	25,222	1,053,000	
	TOTAL EXPENDITURES AND OTHER USES	14,640,913	155,034	3,934,232	1,053,000	1,882
	EXCESS/DEFICIT OF RESOURCES OVER USES	8,142,375		821,636	997,510	403,214
380	Nonrevenues (except 384 and 388.80)	26,100		26,100		
580	Nonexpenditures (except 584 and 588.80)					
508	ENDING CASH & INVESTMENTS	8,168,475		847,736	997,510	403,214

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, 2010

Code	Description	Special 102	Special 103	Special 104	Special 105	Debt 200
	BEGINNING CASH & INVESTMENTS	1,397,936	205,004	33,086	218,371	254,390
	REVENUES AND OTHER SOURCES					
310	Taxes	1,888,949	113,021	4,360	72,692	594,802
320	Licenses and Permits					
330	Intergovernmental Revenues					
340	Charges for Goods and Services					
350	Fines and Forfeits					
360	Miscellaneous	12,745	1,047	135	996	3,549
390	Other Financing Sources	92,216				
	TOTAL REVENUE AND OTHER FINANCING	1,993,910	114,069	4,495	73,689	598,351
	TOTAL RESOURCES	3,385,846	319,072	37,581	292,060	852,741
	EXPENDITURES AND OTHER USES					
510	General Government Services					
520	Public Safety					
	TOTAL OPERATING EXPENDITURES					
591-593	Debt Service					582,442
594	Capital Expenditures					
	TOTAL EXPENDITURES					582,442
596-599	Other Financing Uses	1,723,000	319,072	37,581	292,060	233,000
	TOTAL EXPENDITURES AND OTHER USES	1,723,000	319,072	37,581	292,060	815,442
	EXCESS/DEFICIT OF RESOURCES OVER USES	1,662,846				37,299
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)					
508	ENDING CASH & INVESTMENTS	1,662,846				37,299

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, 2010

Code	Description	Debt 201	Debt 202	Debt 203	Capital 300	Capital 301
	BEGINNING CASH & INVESTMENTS	52	8,052	896	2,458,163	4,221,819
	REVENUES AND OTHER SOURCES					
310	Taxes		152	-25		
320	Licenses and Permits					
330	Intergovernmental Revenues					
340	Charges for Goods and Services					
350	Fines and Forfeits					
360	Miscellaneous	1	253	142	46,921	12,262
390	Other Financing Sources	25,222			3,505,568	250,000
	TOTAL REVENUE AND OTHER FINANCING	25,223	406	117	3,552,489	262,262
	TOTAL RESOURCES	25,275	8,458	1,013	6,010,652	4,484,081
	EXPENDITURES AND OTHER USES					
510	General Government Services				1,694,865	
520	Public Safety				1,694,865	
	TOTAL OPERATING EXPENDITURES				3,389,730	
591-593	Debt Service	25,222			604	
594	Capital Expenditures				1,073,879	
	TOTAL EXPENDITURES	25,222			2,769,348	
596-599	Other Financing Uses		8,458	1,013		3,505,568
	TOTAL EXPENDITURES AND OTHER USES	25,222	8,458	1,013	2,769,348	3,505,568
	EXCESS/DEFICIT OF RESOURCES OVER USES	53			3,241,304	978,513
380	Nonrevenues (except 384 and 388.80)					
580	Nonexpenditures (except 584 and 588.80)					
508	ENDING CASH & INVESTMENTS	53			3,241,304	978,513

The Accompanying Notes Are An Integral Part Of This Statement

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

King County Fire Protection District #44 is a special purpose government entity 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.

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.

e. Capital Assets

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

f. Compensated Absences

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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, 2010 was \$305,772.85.

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 2010 for collection in 2010 was \$1.50 per \$1,000 on an assessed valuation of \$2,161,228,154 for a total regular levy of \$3,241,842.

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, 2010 were as follows:

Type of Investment		Balance
Reserve	17-6020	403,214.24
Bond Payment	44-8510	37,299.29
Bond Project	44-8512	3,241,304.33
Capital Rreplacement	44-3010	978,512.86
COP Loan	44-8880	52.94
Emergency Operating	44-1010	997,509.76
Expense	44-0010	821,635.83
Reserve	44-6010	1,662,846.17
Revolving		23,000.00
Travel		3,000.00
Petty Cash		100.00

		8,168,475.42
		=====
	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 2010. The debt service requirements, including interest, are as follows:

	General Obligation Bonds	Other Debt	Total Debt
2008	4,000,000		
2009	3,500,000		
20__			
20__			
20__			
20__ - 20__			

NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2010

Totals	7,500,000		
Rescue Loan	Principal	Interest	Balance
2005 (5 yr loan)	21525.80	3696.59	208303.20
2006	45513.33	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			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
GO Bond 2009 (12/30/09)			
2009	0	0	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

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 plans 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 in 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.

Submitted on 11/01/2011

King County Fire District 44
SCHEDULE OF LONG-TERM LIABILITIES
 For the Year Ended December 31, 2010

Debt ID No Description	Issue Date Maturity Date	Beginning Balance	Additions	Account(s) and Fund(s)	Reductions	Account(s) and Fund(s)	Ending Balance
251.12 Bond	12/30/2008 12/30/2028	3,850,000			140,000		3,710,000
251.12 Bond	12/30/2009 12/30/2029	3,500,000			135,000		3,365,000
263.96 Rescue Loan	06/01/2005 06/01/2010	25,222			25,222		
Totals		7,375,222	0		300,222		7,075,000



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

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