



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Financial Statements Audit Report**  
**Mountain View Fire & Rescue**

**For the period January 1, 2018 through December 31, 2018**

**Published February 10, 2020**

**Report No. 1025671**





**Office of the Washington State Auditor  
Pat McCarthy**

February 10, 2020

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,

Pat McCarthy  
State Auditor  
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Mountain View Fire and Rescue  
January 1, 2018 through December 31, 2018**

Board of Commissioners  
Mountain View Fire and Rescue  
Auburn, Washington

We have audited, 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, the financial statements of Mountain View Fire and Rescue, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 3, 2020.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's

internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy

State Auditor

Olympia, WA

February 3, 2020

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Mountain View Fire and Rescue January 1, 2018 through December 31, 2018

Board of Commissioners  
Mountain View Fire and Rescue  
Auburn, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Mountain View Fire and Rescue, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, Mountain View Fire and Rescue has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of Mountain View Fire and Rescue, and its changes in cash and investments, for the year ended December 31, 2018, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

## **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Mountain View Fire and Rescue, as of December 31, 2018, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2020 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 internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

February 3, 2020

## **FINANCIAL SECTION**

### **Mountain View Fire and Rescue January 1, 2018 through December 31, 2018**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2018  
Notes to Financial Statements – 2018

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2018

**Mountain View Fire & Rescue**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		Total for All Funds (Memo Only)	001 Expense 10- 044-0010	200 Bond Pymnt 2008/09 10-044-8510	201 COP Loan (s) 10-044-8880
<b>Beginning Cash and Investments</b>					
30810	Reserved	108,472	-	53,725	-
30880	Unreserved	3,794,620	3,249,390	-	55
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	4,805,207	4,234,401	570,805	-
320	Licenses and Permits	950	950	-	-
330	Intergovernmental Revenues	23,925	23,876	49	-
340	Charges for Goods and Services	930,891	930,891	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	253,643	241,357	3,467	717
Total Revenues:		6,014,615	5,431,475	574,321	717
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	6,005,842	6,004,966	876	-
Total Expenditures:		6,005,842	6,004,966	876	-
Excess (Deficiency) Revenues over Expenditures:		8,774	(573,491)	573,445	717
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	485,000	-	-	485,000
397	Transfers-In	904,525	896,525	-	8,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	342,381	340,904	-	-
381, 382, 395, 398	Other Resources	17,521	17,521	-	-
Total Other Increases in Fund Resources:		1,749,427	1,254,951	-	493,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	658,156	658,156	-	-
591-593, 599	Debt Service	576,423	-	571,875	4,548
597	Transfers-Out	904,525	8,000	-	485,710
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	56,523	56,523	-	-
Total Other Decreases in Fund Resources:		2,195,627	722,678	571,875	490,258
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(437,426)</b>	<b>(41,219)</b>	<b>1,570</b>	<b>3,459</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	57,953	-	55,295	-
5088000	Unreserved	3,407,714	3,208,171	-	3,514
<b>Total Ending Cash and Investments</b>		<b>3,465,666</b>	<b>3,208,171</b>	<b>55,295</b>	<b>3,514</b>

The accompanying notes are an integral part of this statement.

**Mountain View Fire & Rescue**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>300 Capital Replacement 10-044-3010</b>	<b>301 2008-09 Bnd Prj (7.5Mil) 10-044-8512</b>	<b>315 District 17 Capital Reserve</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	-	53,855	892
30880	Unreserved	545,175	-	-
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	7,340	586	177
Total Revenues:		7,340	586	177
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
Total Expenditures:		-	-	-
Excess (Deficiency) Revenues over Expenditures:		7,340	586	177
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	1,032	-	445
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		1,032	-	445
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	357,519	53,296	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
Total Other Decreases in Fund Resources:		357,519	53,296	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(349,147)</b>	<b>(52,710)</b>	<b>622</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	-	1,144	1,514
5088000	Unreserved	196,028	-	-
<b>Total Ending Cash and Investments</b>		<b>196,028</b>	<b>1,144</b>	<b>1,514</b>

The accompanying notes are an integral part of this statement.

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies**

Mountain View Fire and Rescue was incorporated King County Fire Protection District 44 on January 6, 1953 and operates under the laws of the state of Washington applicable to a fire protection district. The district is a special purpose local government and provides fire protection and basic life safety (EMS).

The District reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. 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 specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave is addressed by Policy 2.11, a collective bargaining agreement and personal services contracts. Generally, vacation must be used in the year it is earned. The Chief may authorize vacation leave being carried over to the following year. Typically those authorizations include the stipulation that the leave will be used during the first few months of the year. Administrative personnel on personal services contracts may elect to carry over 40 hours of vacation from one year to the next. We hired two Firefighter/EMTs to fill anticipated openings. Our Assistant Chief retired in October. One 2<sup>nd</sup> Class FF left in December for another department.

Sick leave may be accumulated up to 1,200 hours. Upon separation or retirement employees may receive payment for up to 960 hours unused sick leave at 25%. Payments are recognized as expenditures when paid.

Employees covered under the collective bargaining agreement may accumulate a maximum of 120 hours of compensatory leave. Other employees may accumulate a maximum of 100 hours by Policy 2.15.

The total value of earned but unpaid compensated absences as of December 31, 2018 is \$292,348, a reduction of \$40,317 from the prior year.

F. Long-Term Debt

See Note 5, *Debt Service Requirements*.

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

**G. Reserved Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by legislative body. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Fund Name	Amount Reserved	Reason for Restriction
Bond Payment	\$55,295	Repayment of 2008 and 2009 GO Bond and 2014 Partial Re-Funding
Bond Project	\$1,144	Capital Acquisition and Construction
District 17 Reserve	\$1,514	Capital Acquisition and Construction Benefiting Station 98 Service Area

**Note 2 – Budget Compliance**

The district adopts annual appropriated budgets for six 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. Annual appropriations for these funds lapse at the fiscal year end.

Annual 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	Final Appropriated Amounts	Actual Expenses	Variance
001 - Expense 10-044-0010			
Expense 10-044-0010	7,239,952.00	6,724,483.98	515,468.02
44 Reserve 10-044-6010	476	2,276.86	-1,800.86
Maint. And Ops Levy 10-044-0020	1,235.00	883.03	351.97
Emerg Operating Fund 10-044-1010	150		150
Total 001 - Expense 10-044-0010	7,241,813.00	6,727,643.87	514,169.13
200 - Bond Pymnt 2008/09 10-044-8510	572,865.00	572,751.29	113.71
201 - COP Loan(s) 10-044-8880		490,258.25	-490,258.25
300 - Capital Replacement 10-044-3010	457,664.00	357,519.00	100,145.00
301 - 2008-09 Bnd Prj (7.5Mil) 10-044-8512	53,310.00	53,296.00	14
315 - District 17 Capital Reserve			

Budgeted amounts are authorized to be transferred between object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the district legislative body.

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

The District's published budget varies from the reported budget in the amount of \$2,438,494 due to consolidation of inter-fund transfers.

LOCAL loan obligations were charged to Account #10-044-8880 while the loan proceeds were deposited into Account #10-044-0010 resulting in the variances reflected in those accounts.

**Note 3 – Deposits and Investments**

It is the district's policy to invest all temporary cash surpluses with the King County Investment Pool. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2018 are as follows:

King County Investment Pool	\$ <u>3,465,666.29</u>	\$ <u>0</u>	\$ <u>3,465,666.29</u>
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**Note 4 - Property Taxes**

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

Property tax revenues are recognized when cash is received by district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The district regular levy for the year 2018 was \$1.50 per \$1,000 on an assessed valuation of \$2,822,338,843 for a total regular levy of \$4,233,508.

An additional \$570,975 was levied for debt service on G. O. Bonds issued in 2008 and 2009. A portion of the 2008 G. O. Bond issue was re-funded in 2014.

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

**Note 5 – Debt Service Requirements**

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district’s debt transactions for year ended December 31, 2018.

The debt service requirements for general obligation bonds and non-voted debt are as follows:

Year	Principal	Interest	Total Debt Service
2019	410,000	210,483	620,483
2020	430,000	196,615	626,615
2021	445,000	180,920	625,920
2022	455,000	164,745	619,745
2023	475,000	148,215	623,215
2024-2028	2,695,000	428,525	3,123,525
2029	250,000	12,500	262,500
<i>Totals</i>	<i>\$ 5,160,000</i>	<i>\$ 1,342,003</i>	<i>\$ 6,502,003</i>

**Note 6 – Pension Plans**

A. State Sponsored Pension Plans

Substantially all the district’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The District contributes to PERS II, LEOFF II, and the Volunteer Firefighters and Reserve Officers Relief and Pension Fund as required.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, WA 98540-8380

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The district also participates in the Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2018 (the measurement date of the plans), the district proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contributions	Plan Liability / Asset	Allocation Percentage	NPL	NPA
PERS 1 UAAL	16474	4,466,034,000	0.00246500%	110,088	
PERS 2/3	24415	1,707,411,000	0.00316400%	54,022	
LEOFF 2	60305	(2,030,218,000)	0.03477600%		(706,029)
VFFRPF	300	(52,844,000.00)	0.150000%		(77,370)
			<i>Totals</i>	\$ 164,110	\$ (783,399)

**LEOFF Plan 2**

The district also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

**Note 7 – Risk Management**

Policy holders pay an annual premium to Volunteer Fireman’s Insurance Services (VFIS), in lieu of a membership assessment. VFIS is responsible for payment of all covered causes of loss against the District above the stated deductible, if any. Portable equipment and real and personal property are covered at either actual cash value, replacement cost or guaranteed replacement cost. VFIS provides general, automobile and management liability on an “occurrence” and/or “claims-made” basis, subject to a “follow form” umbrella, if elected. The most common sub-limit of liability starts at \$1M, while aggregate limits may reach as high as \$20M.

The District is self-insured for employment security. The district pays claims to the Employment Security Department on a reimbursable basis. There were two payments to Employment Security in 2018 closing out a prior claim. Those payments totaled \$3,073.

**Note 8 - Other Disclosures**

Washington State Department of Retirement Systems (DRS) conducted its first ever audit of Mountain View Fire and Rescue compliance with PERS and LEOFF laws and regulations. That audit found that the District incorrectly reported a portion of firefighter wages as eligible for retirement contribution. Specifically, “The employer portion of contributions for the Federal Insurance Act (FICA) is not reportable compensation, and payments made in lieu of excluded items are also not reportable.”

**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

DRS credited Mountain View \$241,445 for combined employer and employee contributions to LEOFF between June 2004 and March 2018. The District returned employee contributions of \$148,838.49 to the employees.

The District was included in Certificate of Participation, Series 2018C by the Office of the State Treasurer. \$485,000 was financed with net proceeds of \$544,519 related to the remodeling of a portion of the interior of an existing fire station. Details of this obligation are included in Note 5 above.

Cash-Impaired investments are now included in the 2018 ending balance at the guidance of the State Auditor's Office. Revenue from Cash-Impaired Investments was previously booked as a cash receipt upon receipt.

The district provides fire protection and basic life support services in the City of Black Diamond under an interlocal agreement. The district has signed joint purchasing agreements with LOTT Alliance, municipal corporations of the State of Washington, North Mason Regional Fire Authority, Puget Sound Regional Fire Authority and the City of Tacoma in order to procure supplies at an efficient cost.

Mountain View joined the South King County Fire Training Consortium in January 2019.

**Mountain View Fire & Rescue  
Schedule of Liabilities  
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	Bond	12/30/2028	2,675,000	-	215,000	2,460,000
251.11	Bond	12/30/2029	2,370,000	-	155,000	2,215,000
263.96	COP Series 2018C	6/1/2028	-	485,000	-	485,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>5,045,000</b>	<b>485,000</b>	<b>370,000</b>	<b>5,160,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		332,665	-	40,317	292,348
264.30	Net Pension Liability		225,565	-	61,455	164,110
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>558,230</b>	<b>-</b>	<b>101,772</b>	<b>456,458</b>
<b>Total Liabilities:</b>			<b>5,603,230</b>	<b>485,000</b>	<b>471,772</b>	<b>5,616,458</b>

## 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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>