

Washington State Auditor's Office
Financial Statements Audit Report

Woodinville Fire and Life Safety District
King County

Audit Period
January 1, 2006 through December 31, 2006

Report No. 73883

Issue Date
January 28, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 28, 2008

Board of Commissioners
Woodinville Fire and Life Safety District
Woodinville, Washington

Report on Financial Statements

Please find attached our report on the Woodinville Fire and Life Safety District'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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King County
January 1, 2006 through December 31, 2006**

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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*

Woodinville Fire and Life Safety District King County January 1, 2006 through December 31, 2006

Board of Commissioners
Woodinville Fire and Life Safety District
Woodinville, Washington

We have audited the financial statements of the Woodinville Fire and Life Safety District, King County, Washington, as of and for the year ended December 31, 2006, and have issued our report thereon dated October 29, 2007.

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 the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 29, 2007

Independent Auditor's Report on Financial Statements

Woodinville Fire and Life Safety District King County January 1, 2006 through December 31, 2006

Board of Commissioners
Woodinville Fire and Life Safety District
Woodinville, Washington

We have audited the accompanying financial statements of the Woodinville Fire and Life Safety District, King County, Washington, for the year ended December 31, 2006. 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 the Woodinville Fire and Life Safety District, for the year ended December 31, 2006, 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 last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 29, 2007

Financial Section

**Woodinville Fire and Life Safety District
King County
January 1, 2006 through December 31, 2006**

FINANCIAL STATEMENTS

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SUPPLEMENTAL INFORMATION

Schedule of Long Term Debt – 2006

Woodinville Fire & Life Safety District
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2006

Bars Code	Total All Funds Amount	Fund Number and Name 001 Current Expense		Fund Number and Name Current Benefit Charge		Fund Number and Name 301 Capital Improvement		Fund Number and Name 002 Reserve Fund		Fund Number and Name 202 Limited Annex Fund		Fund Number and Name 160 RFTD	
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Beginning Net Cash and Investments	\$3,909,728.89	2,098,049.82	0.00	27,868.00	1,742,071.07	6,319.00							35,421.00
Revenues and Other Sources													
310 Taxes	\$6,661,918.72	6,661,101.76		816.96									
320 Licenses & Permits	\$1,350.00	1,350.00											
330 Intergovernmental	\$869,080.84	573,336.84		295,744.00									
340 Charges for Goods and Services	\$3,461,055.75	6,706.84	3,454,348.91										
360 Miscellaneous	694,685.63	329,138.33		1,272.16	236,507.71	141.63							127,625.80
390 Other Financing Sources	\$4,203,318.88	3,802,099.86			250,000.00	90,980.02							60,239.00
Total Revenues and Other Sources	\$15,891,409.82	11,373,733.63	3,454,348.91	1,272.16	783,068.67	91,121.65							187,864.80
Total Resources	\$19,801,138.71	13,471,783.45	3,454,348.91	29,140.16	2,525,139.74	97,440.65							223,285.80
Operating Expenditures:													
510 General Government	\$83,055.24	83,055.24											
520 Public Safety	\$10,588,492.19	10,449,029.19		27,220.19									112,242.81
530 Physical Environment	\$0.00	0.00											
540 Transportation	\$0.00	0.00											
550 Economic Environment	\$0.00	0.00											
560 Mental and Physical Health	\$0.00	0.00											
570 Culture and Recreation	\$0.00	0.00											
Total Operating Expenditures	\$10,671,547.43	10,532,084.43	0.00	0.00	27,220.19	0.00							112,242.81
591-593 Debt Service	\$300,732.07	203,936.01								96,796.06			
594-595 Capital Outlay	\$341,261.08	115,540.59			225,720.49								
Total Expenditures	\$11,313,540.58	10,851,561.03	0.00	0.00	252,940.68	96,796.06							112,242.81
597-599 Other Financing Uses	\$4,203,318.88	325,079.59	3,454,348.91		418,577.38								5,313.00
Total Expenditures and Other Uses	\$15,516,859.46	11,176,640.62	3,454,348.91	0.00	671,518.06	96,796.06							117,555.81
Excess (Deficit) of Resources Over Uses	\$4,284,279.25	2,295,142.83	0.00	29,140.16	1,853,621.68	644.59							105,729.99
380 Nonrevenues (Except 384 and 388.80)	\$0.00	0.00											
580 Nonexpenditures (Except 584 and 588.80)	\$0.00	0.00											
Ending Net Cash and Investments	\$4,284,279.25	2,295,142.83	0.00	29,140.16	1,853,621.68	644.59							105,729.99

The Accompanying Notes Are An Integral Part Of This Statement.

**Woodinville Fire and Life Safety District
Notes to Financial Statements**

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Woodinville Fire and Life Safety District is a special purpose government that provides fire protection, fire prevention, and emergency medical aid services to the general public and is supported primarily through property taxes. The District was incorporated on August 23, 1948 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:

General 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.

Benefit Charge Fund

This fund accounts for the collection of the benefit charge that is collected by the County at the same time the property taxes are due.

Reserve Fund

This fund accounts for future capital expenses.

Debt Service Fund

This fund accounts for the accumulation of resources to pay principal, interest, and related costs on general long-term debt.

Capital Projects Fund

This fund accounts for financial resources that are designated for the acquisition or construction of general government capital projects.

Regional Fire Training Division Fund

This fund accounts for Training expenses incurred by a regional training division established through interlocal agreement with two other fire departments.

b. Basis of Accounting

The accounting records of the District are maintained in accordance with the 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 that point in time 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 expenses 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 (and certificates of deposit) 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

Vacation pay, workweek reduction, kelly comptime, holiday, comptime, are payable upon separation or retirement. Sick leave may accumulate up to 1440 hours. Upon resignation/termination, retirement or death any outstanding sick leave is not compensated.

NOTE 2-COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3-PROPERTY TAXES AND BENEFIT SERVICE CHARGE FEE

The county treasurer acts as an agent to collect property taxes and fees 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 Woodinville Fire and Life Safety District. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The District's regular levy for the year 2006 was \$.95991 per \$1,000 on an assessed valuation of \$7,001,667,568 for a total levy of \$7,001,668. (See attached King County Levy Limit Worksheet).

The District's benefit service charge levy for the year 2006 was \$.54 per \$1,000 on the district wide assessed valuation of \$7,001,667,568 for a total of \$3,541,093. This amount also includes the consultant's fee. The amount assessed to each property owner may vary as the assessment formula is based on size and type of use of the property.

NOTE 4-INVESTMENTS

The District's investments are held by King County as its agent in the District's name. The investments are invested in the Government Entity Pool, which is managed by King County.

<u>Type of Investment</u>	<u>Balance</u>
King County Pool	\$4,284,277

NOTE 5-LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (Schedule 9) provides a listing of the outstanding debt of the District and summarizes the District's debt transaction for the year 2006. The debt service requirements, including, interest are as follows:

	<u>Other Debt</u>	<u>Total Debt</u>
2006	\$ 300,497	\$ 300,497
2007	\$ 298,297	\$ 298,297
2008	\$1,181,462	\$1,181,462
2009	\$ 207,075	\$ 207,075
2010	\$ 205,477	\$ 205,477
2011-2015	\$1,026,050	\$1,026,050

NOTE 6-PENSION PLANS

Substantially all of the Woodinville Fire and Life Safety District's full-time and qualifying part-time employees participate in the LEOFF 2, PERS 1, PERS 2 and PERS 3 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

MCAG NO. 2526

SCHEDULE 9

Woodinville Fire & Life Safety District 36
 SCHEDULE OF LONG TERM DEBT
 For the Year Ended December 31, 2006

G.O. Debt _____
 Revenue Debt _____
 Assessment Debt _____
 Refunded Debt _____
 Debt of Special Purpose _____
 Other Debt _____
 X

ID Number	Date of Original Issuance	Date of Maturity	Beginning Outstanding Debt 01/01/2006 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/06
State Loan (HQ)	2001	2015	1,600,000		130,000	591.00	202	1,470,000
Bank Loan (Annex)	2003	2008 Rate Adj	1,048,500		46,600	591.00	202	1,001,900



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 Audit
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

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Ted Rutt
Jerry Puggetti
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Web Site

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