



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

Pierce County Fire Protection District No. 10

For the period January 1, 2011 through December 31, 2013

Published February 23, 2015

Report No. 1013654





Washington State Auditor
Troy Kelley

February 23, 2015

Board of Commissioners
Pierce County Fire Protection District No. 10
Tacoma, Washington

Report on Financial Statements

Please find attached our report on Pierce County Fire Protection District No. 10's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
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**

**Pierce County Fire Protection District No. 10
January 1, 2011 through December 31, 2013**

Board of Commissioners
Pierce County Fire Protection District No. 10
Tacoma, 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 Pierce County Fire Protection District No. 10, Pierce County, Washington, as of and for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 10, 2015.

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 Washington State statutes 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 audits 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 opinion 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

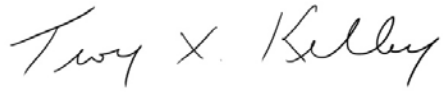
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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 cursive script that reads "Troy X. Kelley". The signature is written in dark ink and is positioned above the printed name.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 10, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Pierce County Fire Protection District No. 10 January 1, 2011 through December 31, 2013

Board of Commissioners
Pierce County Fire Protection District No. 10
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pierce County Fire Protection District No. 10, Pierce County, Washington, for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

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 Washington State statutes 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 an opinion on these financial statements based on our audits. We conducted our audits 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, Pierce County Fire Protection District No. 10 has prepared these financial statements to meet the financial reporting requirements of Washington State statutes 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 financial position and results of operations of Pierce County Fire Protection District No. 10, for the years ended December 31, 2013, 2012 and 2011, 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.

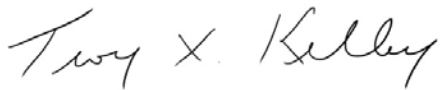
Adverse Opinion on U.S. GAAP

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 Pierce County Fire Protection District No. 10, as of

December 31, 2013, 2012 and 2011, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015 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.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 10, 2015

FINANCIAL SECTION

Pierce County Fire Protection District No. 10 January 1, 2011 through December 31, 2013

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fund Resources and Uses Arising from Cash Transactions – 2012
Fund Resources and Uses Arising from Cash Transactions – 2011
Notes to Financial Statements – 2013
Notes to Financial Statements – 2012
Notes to Financial Statements – 2011

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		001 Current Expense
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	0
30880	Beg Fund Bal-Unreserved	2,052,984
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	3,915,155
320	Licenses & Permits	0
330	Intergovernmental Revenues	0
340	Charges for Goods and Services	2,897
350	Fines & Penalties	0
360	Miscellaneous Revenues	2,216
Total Operating Revenues:		3,920,269
Operating Expenditures		
510	General Government	0
520	Public Safety	3,811,036
598	Intergovernmental Payments	0
Total Operating Expenditures:		3,811,036
Net Operating Increase (Decrease):		109,233
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	28,651
391-393	Debt Proceeds	0
397	Transfers-In	10,000
Total Nonoperating Revenues:		38,651
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	248
591-593	Debt Service	0
594-595	Capital Expenditures	3,248
597	Transfers-Out	10,000
Total Nonoperating Expenditures:		13,496
Increase (Decrease) in Cash and Investments		134,387
Ending Cash and Investments		
50810	End Fund Bal-Reserved	0
50880	End Fund Balance-Unreserved	2,187,869

The accompanying notes are an integral part of this Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		001 Current Expense
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	0
30880	Beg Fund Bal-Unreserved	2,326,674
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	3,849,220
320	Licenses & Permits	0
330	Intergovernmental Revenues	2,957
340	Charges for Goods and Services	0
350	Fines & Penalties	0
360	Miscellaneous Revenues	1,786
Total Operating Revenues:		3,853,963
Operating Expenditures		
510	General Government	6,850
520	Public Safety	129,597
598	Intergovernmental Payments	3,699,401
Total Operating Expenditures:		3,835,848
Net Operating Increase (Decrease):		18,115
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	9,395
391-393	Debt Proceeds	0
397	Transfers-In	0
Total Nonoperating Revenues:		9,395
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	1,200
591-593	Debt Service	0
594-595	Capital Expenditures	0
597	Transfers-Out	0
Total Nonoperating Expenditures:		1,200
Increase (Decrease) in Cash and Investments		26,310
Ending Cash and Investments		
50810	End Fund Bal-Reserved	0
50880	End Fund Balance-Unreserved	2,052,984

The accompanying notes are an integral part of this Statement.

Pierce County Fire Protection District No. 10

RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE	DESCRIPTION	TOTAL FOR ALL FUNDS ACTUAL	FUND 001 CURRENT EXPENSE ACTUAL	FUND 002 RESERVE FUND ACTUAL
308	Beginning Net Cash and Investments	2,017,228.00	1,642,271.00	374,957.00
Revenues and Other Sources				
310	Taxes	3,840,736.00	3,840,736.00	
320	Licenses and Permits	-		
330	Intergovernmental	2,857.00	2,857.00	
340	Charges for Goods and Services	-		
350	Fines and Forfeits	-		
360	Miscellaneous	1,307.00	977.00	330.00
390	Other Financing Sources	10,000.00		10,000.00
<i>Total Revenues and Other Sources</i>		<i>3,854,900.00</i>	<i>3,844,570.00</i>	<i>10,330.00</i>
Total Resources		5,872,128.00	5,486,841.00	385,287.00
Expenditures & Other Uses				
510	General Government	3,500.00	3,500.00	
520	Public Safety	114,901.00	114,901.00	
<i>Total Operating Expenditures</i>		<i>118,401.00</i>	<i>118,401.00</i>	
591-593	Debt Service	-		
594	Capital Expenditures	15,521.00	15,521.00	
598	Other Expenditures	3,701,657.00	3,701,657.00	
Total Expenditures		3,835,579.00	3,835,579.00	
597, 599	Other Financing Uses	10,000.00	10,000.00	
Total Expenditures and Other Uses		3,845,579.00	3,845,579.00	
Excess (Deficit) of Resources Over Uses				
380	Nonrevenues (Except 384 & 388.80)	125.40	125.40	
580	Nonexpenditures (Except 584 & 588.80)	-		
508	Ending Net Cash and Investments	2,026,674.40	1,641,387.40	385,287.00

The accompanying notes are an integral part of this financial statement.

Pierce County Fire Protection District #10
Notes to the Financial Statements
For Fiscal Year Ended December 31, 2013

Note 1 - Summary of Significant Accounting Policies

The District 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 another 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.

Pierce County Fire Protection District #10 was incorporated in 1948 and operates under the laws of the state of Washington applicable to a fire district. The District is a general purpose government and provides fire suppression and emergency medical services to the residents and general public within the District boundaries. The District uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

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.

Reserve Fund

This fund accounts for revenues that are restricted for capital outlay, emergency shortfalls and LEOFF I Retiree expenses.

B. Basis of Accounting

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, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

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.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The District adopts an annual appropriated budget for the Expense Fund. This budget is adopted by the District #10 Board of Fire Commissioner's. The budget constitutes the legal authority for expenditures. 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 follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Expense Fund	\$3,876,544.00	\$,3824,283.25	\$52,260.75

Budgeted amounts are authorized to be transferred between any object classes 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's legislative body.

D. Cash

It is the District policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. 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.

F. Capital Assets

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

G. Compensated Absences

Vacation leave, for regular employees, may be accumulated up to 25 working days during the years; however, regular employees may carry vacation leave at year-end with authorization. All accumulated vacation leave is payable upon separation or retirement

Sick leave, for regular employees, may be accumulated up to 120 working days. Upon separation or retirement employees shall be paid for accumulated sick leave up to, but not exceeding 10 working days.

H. Other Financing Sources or Uses

The District's *Other Financing Sources or Uses* consist of an annual transfer of \$10,000, as designated by Resolution 268 adopted July 13, 1999, from the Expense Fund to the Reserved Fund designated for LEOFF I Retiree Long-Term Care.

I. Reserved Fund Balance

The Reserved Fund balance on December 31, 2013 was \$406,132. Of this balance, \$140,000 is restricted to the use of LEOFF I Retiree Long-Term Care. The remaining balance is restricted to capital outlay and emergency shortfalls.

Note 2 - Investments

The District's investments are insured, registered or held by the Pierce County Treasurer or its agent in the District's name.

On December 31, 2013 there were no investments.

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by the 10th day of the month following collections.

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 tax is levied.

The District's regular levy for the year 2012 for collection in 2013 was \$1.479372138405 per \$1,000 on an assessed valuation of \$1,957,328,190 for a total regular levy of \$2,895,616.79.

The District's EMS Levy for the year 2012 for collection in 2013 was \$0.50 per \$1,000 on an assessed valuation of \$1,957,328,190 for a total in Ems levies of \$978,664.10.

Note 4 - Pension Plans

Substantially all qualifying full-time and part-time employees participate in PERS 2 or PERS 3 plan administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. 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 Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

PIERCE COUNTY FIRE DISTRICT 10

NOTES TO FINANCIAL STATEMENTS

January 1, 2012 to December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pierce County Fire Protection District #10 is a special purpose government that provides fire suppression & emergency medical services to the general public and is supported primarily through property taxes. The Pierce County Fire Protection District #10 was incorporated in 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 comprise 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.

Reserve Fund

This fund accounts for revenues that are restricted for capital outlay, emergency shortfalls & LEOFF 1 Retiree expenses.

b. Basis of Accounting

The District 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 fund 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 the Washington Public Deposit Protection Commission.

e. Capital Assets

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

f. Compensated Absences

Vacation leave, for regular employees, may be accumulated up to 25 days during the year; however, regular employees may carry vacation leave at year-end with authorization. All accumulated vacation is payable upon separation or retirement.

Sick leave, for regular employees, may be accumulated up to 120 working days. Upon resignation, retirement or termination, the Employee shall be paid for accumulated sick leave up to, but not exceeding 80 hours. The District's estimated liability for sick leave termination benefits on December 31, 2012 was \$2,689.55.

g. Reserved Fund Balance

The Reserved Fund balance on December 31, 2011 was \$395,725. Of this balance, \$130,000 is restricted to the use of LEOFF I Long Term Care. The remaining balance is restricted to capital outlay and emergency shortfalls.

NOTE 2 -- PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed by the 10th day of the month following the receipt of collections.

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's regular levy for 2011 for collection in 2012 was \$1.336262619763 per \$1,000 of an assessed valuation of \$2,120,346,194 for a total in regular levies of \$2,833,339.36.

The District's EMS levy for 2011 for collection in 2012 was \$0.495089765516 per \$1,000 of an assessed valuation of \$2,120,346,194 for a total in EMS levies of \$1,049,761.70.

NOTE 3 -- INVESTMENTS

The Pierce County Treasurer as its agent holds the Pierce County Fire Protection District #10's investments in the District's name. On December 31, 2011 there were no investments.

NOTE 4 -- LONG-TERM DEBT

As of December 31, 2012, the District had no long-term or general obligation debt.

NOTE 5 -- PENSION PLANS

Substantially all District full-time and qualifying part-time employees participate in the PERS 2 or PERS 3 plan administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. 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 Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

OTHER DISCLOSURES

There are no other disclosures at this time.

PIERCE COUNTY FIRE DISTRICT 10

NOTES TO FINANCIAL STATEMENTS

January 1, 2011 to December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pierce County Fire Protection District #10 is a special purpose government that provides fire suppression & emergency medical services to the general public and is supported primarily through property taxes. The Pierce County Fire Protection District #10 was incorporated in 1948, and operates under Chapter 52 RCW and other laws of the state of Washington applicable to a Fire District classification with a Board of Commissioners form of government.

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 comprise 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.

Reserve Fund

This fund accounts for revenues that are restricted for capital outlay, emergency shortfalls & LEOFF 1 Retiree expenses.

b. Basis of Accounting

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the *Budget, Accounting and Reporting System for Fire Districts in the State of Washington*.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

c. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of fund resources and uses arising from cash transactions as net cash and investments.

d. Deposits

The District's deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

e. Capital Assets

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

f. Compensated Absences

Vacation leave, for regular employees, may be accumulated up to 25 days during the year; however, regular employees may not carry vacation leave at year-end without written authorization. Accumulated vacation is payable upon separation or retirement.

Sick leave, for regular employees, may be accumulated up to 120 working days. Upon resignation, retirement or termination, the Employee shall be paid for accumulated sick leave up to, but not exceeding 80 hours. The District's estimated liability for sick leave termination benefits on December 31, 2011 was \$2,610.69.

g. Reserved Fund Balance

The Reserved Fund balance on December 31, 2011 was \$385,287. Of this balance, \$120,000 is restricted to the use of LEOFF I Long Term Care. The remaining balance is restricted to capital outlay and emergency shortfalls.

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 by the 10th day of the month following the receipt of collections.

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's regular levy for 2010 for collection in 2011 was \$1.223524684578 per \$1,000 of an assessed valuation of \$2,257,903,175 for a total in regular levies of \$2,762,600.27.

The District's EMS levy for 2010 for collection in 2011 was \$0.50 per \$1,000 of an assessed valuation of \$2,257,903,175 for a total in EMS levies of \$1,128,951.59.

NOTE 4 -- INVESTMENTS

The Pierce County Treasurer as its agent holds the Pierce County Fire Protection District #10's investments in the District's name. On December 31, 2011 there were no investments.

NOTE 5 – LONG-TERM DEBT

As of December 31, 2011, the District had no long-term or general obligation debt.

NOTE 6 -- PENSION PLANS

Substantially all District full-time and qualifying part-time employees participate in the PERS 2 or PERS 3 plan administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. 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 Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

OTHER DISCLOSURES

There are no other disclosures at this time.

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.

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