



Washington State Auditor's Office

Troy Kelley

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Financial Statements Audit Report

King County Fire Protection District No. 45

For the period January 1, 2012 through December 31, 2013

Published February 26, 2015

Report No. 1013680





Washington State Auditor Troy Kelley

February 26, 2015

Board of Commissioners
King County Fire Protection District No. 45
Duvall, Washington

Report on Financial Statements

Please find attached our report on King County Fire Protection District No. 45'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**

**King County Fire Protection District No. 45
January 1, 2012 through December 31, 2013**

Board of Commissioners
King County Fire Protection District No. 45
Duvall, 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 King County Fire Protection District No. 45, King County, Washington, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 19, 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".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 19, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

King County Fire Protection District No. 45 January 1, 2012 through December 31, 2013

Board of Commissioners
King County Fire Protection District No. 45
Duvall, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of King County Fire Protection District No. 45, King County, Washington, for the years ended December 31, 2013 and 2012, 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, King County Fire Protection District No. 45 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 King County Fire Protection District No. 45, for the years ended December 31, 2013 and 2012, 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 King County Fire Protection District No. 45, as of December 31, 2013 and 2012, 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.

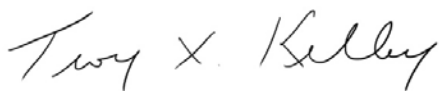
Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are 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 19, 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 19, 2015

FINANCIAL SECTION

King County Fire Protection District No. 45 January 1, 2012 through December 31, 2013

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fund Resources and Uses Arising from Cash Transactions – 2012
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2013
Schedule of Liabilities – 2012

King County Fire Protection District No. 45
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2013

		Total for All Funds (Memo Only)	000 Rollup	103 CERF	104 Vehicle Charging Station	105 M&O Levy	201 GO Bond
Beginning Cash and Investments							
30810	Reserved	750,000	750,000	-	-	-	-
30880	Unreserved	1,693,393	1,339,263	296,821	385	-	56,924
388 & 588	Prior Period Adjustments, Net	-	-	-	-	-	-
Operating Revenues							
310	Taxes	3,007,257	2,213,242	-	-	737,342	56,673
320	Licenses & Permits	-	-	-	-	-	-
330	Intergovernmental Revenues	227,246	212,166	-	-	14,140	940
340	Charges for Goods and Services	2,681	2,681	-	-	-	-
350	Fines & Penalties	-	-	-	-	-	-
360	Miscellaneous Revenues	66,980	41,432	24,340	27	-	1,182
Total Operating Revenues:		3,304,164	2,469,521	24,340	27	751,482	58,795
Operating Expenditures							
510	General Government	-	-	-	-	-	-
520	Public Safety	2,896,155	2,711,394	184,341	210	-	210
Total Operating Expenditures:		2,896,155	2,711,394	184,341	210	-	210
Net Operating Increase (Decrease):		408,009	(241,873)	(160,001)	(183)	751,482	58,585
Nonoperating Revenues							
370-380, 395 & 398	Other Financing Sources	10,000	10,000	-	-	-	-
391-393	Debt Proceeds	-	-	-	-	-	-
397	Transfers-In	988,000	745,000	25,000	-	-	218,000
Total Nonoperating Revenues:		998,000	755,000	25,000	-	-	218,000
Nonoperating Expenditures							
580, 596 & 599	Other Financing Uses	1,273	1,125	19	-	-	129
591-593	Debt Service	326,660	-	-	-	-	326,660
594-595	Capital Expenditures	17,878	17,878	-	-	-	-
597	Transfers-Out	988,000	243,000	-	-	745,000	-
Total Nonoperating Expenditures:		1,333,811	262,003	19	-	745,000	326,789
Net Increase (Decrease) in Cash and Investments:		72,198	251,124	(135,020)	(183)	6,482	(50,204)
Ending Cash and Investments							
50810	Reserved	750,000	750,000	-	-	-	-
50880	Unreserved	1,765,607	1,590,401	161,801	201	6,483	6,721

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 45
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2012

		Total for All Funds (Memo Only)	000 Rollup	103 CERF	104 Vehicle Charging Station	201 Debt Services
Beginning Cash and Investments						
30810	Reserved	750,000	750,000	-	-	-
30880	Unreserved	1,576,591	1,320,485	208,990	383	46,733
388 & 588	Prior Period Adjustments, Net	-	-	-	-	-
Operating Revenues						
310	Taxes	2,765,348	2,446,414	-	-	318,934
320	Licenses & Permits	-	-	-	-	-
330	Intergovernmental Revenues	203,021	199,904	-	-	3,117
340	Charges for Goods and Services	37,933	37,933	-	-	-
350	Fines & Penalties	-	-	-	-	-
360	Miscellaneous Revenues	77,201	69,795	3,558	2	3,846
Total Operating Revenues:		3,083,504	2,754,046	3,558	2	325,898
Operating Expenditures						
510	General Government	23,510	23,254	86	2	168
520	Public Safety	2,602,627	2,566,985	35,642	-	-
598	Intergovernmental Payments	-	-	-	-	-
Total Operating Expenditures:		2,626,137	2,590,239	35,727	2	168
Net Operating Increase (Decrease):		457,367	163,807	(32,170)	0	325,730
Nonoperating Revenues						
370-380, 395 & 398	Other Financing Sources	60,000	60,000	-	-	-
391-393	Debt Proceeds	-	-	-	-	-
397	Transfers-In	175,367	55,367	120,000	-	-
Total Nonoperating Revenues:		235,367	115,367	120,000	-	-
Nonoperating Expenditures						
580, 596 & 599	Other Financing Uses	-	-	-	-	-
591-593	Debt Service	315,538	-	-	-	315,538
594-595	Capital Expenditures	85,042	85,042	-	-	-
597	Transfers-Out	175,367	175,367	-	-	-
Total Nonoperating Expenditures:		575,947	260,409	-	-	315,538
Net Increase (Decrease) in Cash and Investments:		116,787	18,765	87,830	0	10,192
Ending Cash and Investments						
50810	Reserved	750,000	750,000	-	-	-
50880	Unreserved	1,693,393	1,339,263	296,821	385	56,924

The accompanying notes are an integral part of this statement.

King County Fire District 45
Notes to Financial Statements
Year Ended December 31, 2013

Note 1 - Summary of Significant Accounting Policies

King County Fire District 45 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.

King County Fire District 45 was incorporated on September 21, 1959 and operates under the laws of the state of Washington applicable to a fire district. The fire district is a general purpose government and provides fire and emergency medical services. 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 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.

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.

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.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

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.

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 annual appropriated budgets for all 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.

Budgeted amounts are authorized to be transferred between (departments within any fund/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's legislative body.

D. Cash

It is the District's 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

In accordance with state investment laws, the district's governing body has entered into a formal inter-local agreement with the district's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool.

F. Investments See Note 2, *Investments*.

G. Capital Assets

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

H. Compensated Absences

Vacation leave may be accumulated up to the amounts indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon retirement or separation, employees will be compensated for vacation time accrued at the hourly base rate of pay in effect when the time was earned.

Sick leave may be accumulated as indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon separation or retirement employees will receive payment for unused sick leave pay at the rate indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements.

I. Long-Term Debt See Note 4, *Debt Service Requirements*.

Note 2 - Investments

King County Fire District 45's investments are held by King County as its agent in the District's name. The District participates as a shareholder in the King County Investment Pool. As of December 31, 2013 the total amount invested for all funds was \$4,973,557.

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 at the end of each month.

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

The Districts regular levy for the year 2013 was \$1.5000 per \$1,000 on an assessed valuation of \$1,462,758,068 for a total regular levy of \$2,397,155. The reported levy amount is based on the preliminary levy limit worksheet as provided by the County. The final number may vary. A voter approved Maintenance and Operations Levy was passed in November 2012 for collection in years 2013 through 2016.

Note 4 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the Districts debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Debt</u>	<u>Total Debt</u>
2014	\$ 340,520	\$	\$	\$ 340,520
2015	\$ 354,975			\$ 354,975
2016	\$ 363,350			\$ 363,350
2017	\$ 375,645			\$ 375,645
2018	\$ 176,800			\$ 176,800
TOTALS	<u>\$1,611,290</u>	<u>\$_____</u>	<u>\$_____</u>	<u>\$1,611,290</u>

In December 2011, the District defeased the 2005 bond. Recent downturns in the economy have led King County Fire District 45 (the District) to return \$1,295,000 of unspent bond money to its taxpayers. The original bond of \$4.2 million was passed in 2000 for the purpose of building two new fire stations. The headquarters station in Duvall was completed in 2003; leaving a station on the eastern portion of the District to be built with the remaining funds.

By the board's actions, the District lowered the bond payments that will result in an overall savings to the taxpayers of \$1,515,955.

Note 5 - Pension Plans

Substantially all King County Fire District 45's full-time and qualifying part-time employees participate in the LEOFF and PERS plans administered by the Department of Retirement, 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 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

King Fire District No. 45
Notes to Financial Statements
Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

King County Fire District 45 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 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.

King County Fire District 45 was incorporated on September 21, 1959 and operates under the laws of the state of Washington applicable to a fire districts. The fire district is a general purpose government and provides fire and emergency medical services. 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 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.

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.

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

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.

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. 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

In accordance with state investment laws, the district's governing body has entered into a formal inter-local agreement with the district's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool.

e. Capital Assets

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

f. Compensated Absences

Vacation leave may be accumulated up to the amounts indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon retirement or separation, employees will be compensated for vacation time accrued at the hourly base rate of pay in effect when the time was earned.

Sick leave may be accumulated as indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon separation or retirement employees will receive payment for unused sick leave pay at the rate indicated in the District's Non-Represented Employees Policy, the Collective Bargaining Agreement and any personal services contracts/agreements.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

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

There have been no expenditures exceeding legal appropriations in any of the funds of the District.

NOTE 3 - INVESTMENTS

King County Fire District 45's investments are held by King County as its agent in the District's name. The District participates as a shareholder in the King County Investment Pool. As of December 31, 2012 the total amount invested for all funds was \$4,656,226.

In January 2008, the rating of the King County investment pool was temporarily suspended by Standard & Poor's pending further information being available on the outcome of restructuring proposals associated with each impaired investment. Three of four restructurings were completed in 2008 and the fourth was completed in September of 2009. The County will reevaluate the decision regarding pursuit of a new pool rating, and this is expected to occur in the first half of 2013.

NOTE 4 - PROPERTY TAX

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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

King County Fire District 45's regular levy for the year 2011 for collection in 2012 was \$1.5000 per \$1,000 on an assessed valuation of \$1,622,864,348 for a total regular levy of \$2,532,181. The reported levy amount is based on the preliminary levy limit worksheet as provided by the County. The final number may vary. A voter approved Maintenance and Operations Levy was passed in November 2012 for collection in 2013.

NOTE 5 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liability of the District and summarizes the Districts debt transactions for 2012. The debt service payment for the fiscal year being reported and future payment requirements, including interest, are as follows:

	General Obligation Bonds	Total Debt
2013	\$330,060	\$330,060
2014	\$340,520	\$340,520
2015	\$354,975	\$354,975
2016	\$363,350	\$363,350
2017	\$375,645	\$375,645
2018	\$176,800	\$176,800
Totals	\$1,941,350	\$1,941,350

In December 2011, the District defeased the 2005 bond. Recent downturns in the economy have led King County Fire District 45 (the District) to return \$1,295,000 of unspent bond money to its taxpayers. The original bond of \$4.2 million was passed in 2000 for the purpose of building two new fire stations. The headquarters station in Duvall was completed in 2003; leaving a station on the eastern portion of the District to be built with the remaining funds.

By the board's actions, the District lowered the bond payments that will result in an overall savings to the taxpayers of \$1,515,955.

NOTE 6 - PENSION PLANS

Substantially all King Count Fire District 45's full-time and qualifying part-time employees participate in the LEOFF and PERS plans administered by the Department of Retirement, 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 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

King County Fire Protection District No. 45
Schedule of Liabilities
For the Year Ended December 31, 2013

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	2005 Bond	12/31/2018	1,630,000	-	265,000	1,365,000
Total General Obligations:			1,630,000	-	265,000	1,365,000
Total Liabilities:			1,630,000	-	265,000	1,365,000

King County Fire Protection District No. 45
Schedule of Liabilities
For the Year Ended December 31, 2012

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	2005 Bond	12/31/2018	1,875,000	-	245,000	1,630,000
Total General Obligations:			1,875,000	-	245,000	1,630,000
Total Liabilities:			1,875,000	-	245,000	1,630,000

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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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