

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

**Grant County Fire Protection District
No. 13**

Audit Period
January 1, 2007 through December 31, 2007

Report No. 1003323

Issue Date
April 12, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

April 12, 2010

Board of Commissioners
Grant County Fire Protection District No. 13
Ephrata, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Grant County Fire Protection District No. 13's financial statements and compliance with federal laws and regulations.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Federal Summary

Grant County Fire Protection District No. 13 January 1, 2007 through December 31, 2007

The results of our audit of Grant County Fire Protection District No. 13 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

FEDERAL AWARDS

Internal Control Over Major Programs:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the District's compliance with requirements applicable to its major federal program.

We reported findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
97.044	Assistance to Firefighters Grant

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Federal Audit Findings and Questioned Costs

Grant County Fire Protection District No. 13 January 1, 2007 through December 31, 2007

1. Grant County Fire Protection District No.13 did not comply with federal allowable cost grant requirements.

CFDA Number and Title:	97.044 Assistance to Firefighters Grant
Federal Grantor Name:	Federal Emergency Management Agency
Federal Award/Contract Number:	EMW-2006-FG-07959
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	\$34,531.18

Background

The District received a federal regional grant of \$592,398 with a required match of \$148,452 (20 percent) to be used to improve interagency communication between fire districts. The grant agreement detailed the grant funds must be spent on the following items:

- Dash-mounted mobile radios: 172
- Dual-head mobile radios: 57
- Pagers: 483
- Base Stations: 11
- Portable Radios: 235

The agreement stated that if the District had remaining grant funds after the scope of the project had been completed, it could use a maximum of \$5,000 to expand the activities for which the funds were originally rewarded.

Description of Condition

We found the District had grant funds remaining after purchasing the communication equipment detailed in the grant agreement. The District used the remaining grant funds to increase the quantities of each type of communication equipment it purchased in accordance with the agreement. The amount of excess funds the District spent exceeded the \$5,000 limit allowed per the grant agreement by \$34,531.18.

Cause of Condition

The District thought it was allowable to purchase equipment in excess of the quantities detailed and approved in the grant agreement as long as it did not exceed the total grant award.

Effect of Condition and Questioned Costs

The District made unallowable purchases of \$34,531.18; we are questioning these costs. The District needs to follow grant guidance as awarded in the grant package. Noncompliance with grant guidance, can affect future federal grant opportunities.

Recommendation

We recommend the District repay the questioned costs of \$34,531.18 to the grantor. Additionally, we recommend that in the future, the District only make purchases with grant funds that are allowable in accordance with the grant agreement.

District's Response

Grant County Fire District No. 13 does not concur with the finding of the Washington State Auditor that it did not comply with the allowable cost grant requirements contained within EMW-2006-FG-07959. During the performance of the grant, Fire District 13 was in contact with the AFG Program Office and with their Regional Coordinator. Contact was made with the offices prior to the decision to purchase additional quantities of equipment that was included within the scope of work budget details.

The Fire District conducted a thorough analysis of the needs for this grant, during the initial phases of the application process and throughout the award and performance of the grant. The grant included 13 agencies and was executed on a regional basis, with Fire District 13 being the host agency for the grant. The regional host is responsible for the coordination of the grant and insuring that each of the participants received the equipment that is needed to complete the entire scope of the grant.

During the process of purchasing equipment for the grant, the Fire District received additional discounts through the WSCA Contract used to purchase the equipment. The WSCA Contracts are controlled and maintained by the State of Washington General Administration Office. The Fire District used initial pricing received in 2005 to compute the grant budget and details. The grant was filed in early 2006 with an award in November 2006. Throughout this time period the contracts for the awarded equipment had been re-negotiated, with substantial cost reductions in the new contract. In 2007 the process of purchasing began.

The Fire District contacted the AFG Program Office to discuss the affect of the discount on the budget and the amount of equipment requests to address the needs of the agencies. Several changes were discussed concerning quantities that agencies needed to complete their scope of work, each agency submitted a needs analysis in 2007. After contact with the Regional Coordinator and the AFG Program Office, the Fire District understood that it could purchase additional quantities within the scope of work of the grant, as long as it did not exceed the Federal Funding component of \$592,398. Equipment purchased in excess of the quantities identified in the scope of work was in compliance with the grant equipment identified within the budget details.

The discount made it possible for the Fire District to meet the individual needs of each of the 13 agencies that were participating in the regional grant. The Fire District does not believe that there is a material breach of the scope of work as we complied with equipment purchased and did not exceed the total federal funding amount approved.

Also, based on the advice of the AFG Program Office, the purchases were made in compliance with their advice.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

Applicable laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states in part:

Section .300(b)

The auditee shall

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR Part 225), states:

Appendix A

C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

Department of Homeland Security Agreement Articles (EMW-2006-FG-07959), states in part:

Article I – Project Description

The grantee may not change or make any material deviations from the approved scope of work outlined in the above referenced sections of the application without prior written approval.

However, in keeping with this year's program, grantees that have grant funds left over after completing the approved scope of work prior to the end of the period of performance have three options for the use of the excess funds: 1) they may return the unused funds to the Federal government, 2) they may use a maximum of \$5,000 to expand the activities for they were awarded, or 3) create or expand an existing fire prevention program.

Schedule of Federal Audit Findings and Questioned Costs

Grant County Fire Protection District No. 13 January 1, 2007 through December 31, 2007

2. Grant County Fire Protection District No.13 did not meet the federal single audit deadline.

CFDA Number and Title:	97.044 Assistance to Firefighters Grant
Federal Grantor Name:	Federal Emergency Management Agency
Federal Award/Contract Number:	EMW-2006-FG-07959
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	0

Description of Condition

The District spent more than \$500,000 in federal funds during the 2007 fiscal year. Accordingly, it was required to obtain a federal Single Audit and submit the audit report to the Federal Clearinghouse by September 30, 2008. The District completed its financial statements on October 22, 2009, and did not request or obtain an extension from the federal government. Therefore, the District missed the federal deadline.

Cause of Condition

U.S. Office of Management and Budget Circular A-133 requires an audit of the grantee's major federal programs to be conducted in conjunction with an audit of the grantee's financial statements. Because the District did not compile its financial statements in a timely manner, we were unable to complete the audit within the prescribed timeline. Further, the District did not request an extension to the audit deadline as required by Circular A-133.

Effect of Condition and Questioned Costs

Failure to comply with federal requirements could result in the loss of future federal funding. In addition, some federal grantor agencies will classify the grantee as high risk for future audits.

Recommendation

The District should establish procedures to ensure the accurate and timely submission of its annual financial report to ensure it complies with federal reporting requirements.

District's Response

Grant County Fire District No. 13 does not concur with the finding on the basis that the Fire District was provided conflicting information concerning the need to file the OMB Circular A-133 report to the AFG Program Office prior to September 2008. We do not believe the actions of the Fire District warrant the issuance of a finding.

Fire District 13 made efforts to obtain a written extension from the AFG Program Office throughout FY2008 and 2009. Contact with representative(s) of the AFG Program Office were made via email and phone, both times program representatives advised that it was not uncommon for grantees to not be audited until the completion of the grant and the close out of the grant guidance. Fire District 13 advised the WA – SAO of this information throughout 2008.

Based on this information, the Fire District did not conduct the audit in the FY2008. The closing of said grant did not occur until late FY2008 and was filed to the AFG Office. The original close-out was rejected due to quantities issue that occurred in the grant. Subsequent amendments have been filed and are still pending approval or denial. Based on our conversations with the AFG, we postponed the audit process until FY2009.

The Fire District realizes that the information provided by the program office was incorrect and the auditing of the grant is based on the fiscal year in which monies are actually expended. The relationship between the close-out and the audit are two different areas to be addressed in future grants. The Fire District does not concur with the finding on the basis that the Fire District was provided information from the program office that lead them to believe that it was not required to audit the grant until it was completed and closed-out.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

Applicable laws and Regulations

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart B – Audits, Section 200, Audit requirements, states in part:

- a) Audit required. Non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, Section 300 outlines the local government's responsibilities. It states in part:

The auditee shall:

- e) Ensure that the audits required by this part are properly performed and submitted when due.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
Subpart C, Section 320, Report Submission, states in part:

a) General. The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

**Grant County Fire Protection District No. 13
January 1, 2007 through December 31, 2007**

Board of Commissioners
Grant County Fire Protection District No. 13
Ephrata, Washington

We have audited the financial statements of Grant County Fire Protection District No. 13, Grant County, Washington, as of and for the year ended December 31, 2007, and have issued our report thereon dated January 19, 2010.

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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain

provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 19, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**Grant County Fire Protection District No. 13
January 1, 2007 through December 31, 2007**

Board of Commissioners
Grant County Fire Protection District No. 13
Ephrata, Washington

COMPLIANCE

We have audited the compliance of Grant County Fire Protection District No. 13, Grant County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The District's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Findings 1 and 2.

INTERNAL CONTROL OVER COMPLIANCE

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

The District's response to the findings identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

January 19, 2010

Independent Auditor's Report on Financial Statements

Grant County Fire Protection District No. 13 January 1, 2007 through December 31, 2007

Board of Commissioners
Grant County Fire Protection District No. 13
Ephrata, Washington

We have audited the accompanying financial statements of Grant County Fire Protection District No. 13, Grant County, Washington, for the year ended December 31, 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Grant County Fire Protection District No. 13, for the year ended December 31, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular

A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also 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 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", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 19, 2010

Financial Section

Grant County Fire Protection District No. 13 January 1, 2007 through December 31, 2007

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 2007
Notes to Financial Statements – 2007

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2007
Schedule of Expenditures of Federal Awards – 2007
Notes to the Schedule of Expenditures of Federal Awards – 2007

Grant County Fire District #13

RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

Code	Description	Total for All Funds	Current 001	Current 010
308	Beginning Net Cash and Investment	116,982	116,982	
REVENUES AND OTHER SOURCES				
310	Taxes	96,132	96,132	
320	Licenses and Permits			
330	Intergovernmental Revenues	680,871	680,871	
340	Charges for Goods and Services	71,473	71,473	
350	Fines and Forfeits			
360	Miscellaneous	45,740	45,740	
390	Other Financing Sources	45,106	24,200	20,907
TOTAL REVENUE AND OTHER SOURCES		939,323	918,416	20,907
TOTAL RESOURCES		1,056,305	1,035,398	20,907
EXPENDITURES AND OTHER USES				
510	General Government Services			
520	Public Safety	147,721	147,721	
TOTAL OPERATING EXPENDITURES		147,721	147,721	
591-	Debt Service			
594	Capital Expenditures	792,830	792,830	
TOTAL EXPENDITURES		940,551	940,551	
596-	Other Financing Uses	20,914	8	20,907
TOTAL EXPENDITURES AND OTHER USES		961,465	940,559	20,907
EXCESS/DEFICIT OF RESOURCES OVER USES		94,839	94,839	
380	Nonrevenues (except 384 and 388.80)			
580	Nonexpenditures (except 584 and 588.80)			
508	Ending Cash and Investments	94,839	94,839	

The Accompanying Notes Are An Integral Part Of This Statement

Grant County Fire District #13
Notes to the Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grant County Fire District No. 13 is a special purpose government that provides fire protection, emergency medical and rescue services to the general public and is supported primarily through property taxes. The District was incorporated in 1962 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

a. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

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 Budgeting, 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 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

There are no compensated absences; the Fire District does not employ full-time personnel.

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 after the end of each month.

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

The District regular levy for the year 2006 for collection in 2007 was \$.86845 per \$1,000 on an assessed valuation of \$109,551,644 for a total regular levy of \$95,140. The regular levy was modified to include a Qwest Refund of \$0.00074 per \$1,000 on assessed valuation. This resulted in a total levy rate of \$0.86919 per \$1,000 of assessed value, resulting in a total regular levy of \$95,221.

NOTE 4 - INVESTMENTS

The District's investments are held by the county as its agent in the District's name. Investments by type at December 31, 2007 were as follows:

Type of Investment	Balance
Grant County Investment Pool	\$90,129.98

Total	\$90,129.98

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NOTE 5 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the District and summarizes the District's debt transactions for year 2007. The debt service requirements, including interest, are as follows:

General			
	Obligation Bonds	Other Debt	Total Debt
2007	\$ 200,295.35	\$0.00	\$ 200,295.35
	-----	-----	-----
Totals	\$ 200,295.35	\$0.00	\$ 200,295.35
	=====	=====	=====

NOTE 6 - PENSION PLANS

Substantially all of the volunteer members of the Fire District participate in the Washington State Board for Volunteers Pension program.

NOTE 7 - EXPENSE TRANSACTIONS/FUND OUT OF BALANCE

In the Annual Report from the Grant County Treasurer the reported total Claims/Payroll for the Fire District is documented as \$923,971.18. Based on the review of the transactions of the Fire District a total of \$919,644.71 was expended.

The variance is \$4,326.47 that we cannot find transactions for.

MCAG No 1098		Grant County Fire District #13			Schedule 09	
		SCHEDULE OF LONG-TERM DEBT				
		For the Year Ended December 31, 2007				
Date of Original Issue	Date of Maturity	Balance at Beginning of Year	Amount Receiving Received Account(s) This Year and Fund(s)	Amount Redeeming Redeemed Account(s) This Year and Fund(s)	Balance at End of Year	
03/18/2004	12/01/2018	212,823		12,527	200,295	
Totals		212,823		12,527	200,295	

MCAG No 1098

Grant County Fire District #13

SCHEDULE OF EXPENDITURES OF FEDERAL

For the Year Ended December 31, 2007

Schedule 16

Grantor(s) and Program Title	CFDA Number	Other Number	Pass-Thru		Direct		Total		Footnote Ref
			Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	
Dept. of Homeland Security AFG	97.044	06FG07959			592,398		592,398	592,398	
Totals					592,398		592,398	592,398	

The accompanying notes are an integral part of this schedule

Grant County Fire District #13

MCAG No 1098

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
For the Year Ended December 31, 2007

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the District's financial statements. The District used the cash basis of accounting.



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 employees are located around the state to deliver our services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We 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 quality assurance program.

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