

Washington State Auditor's Office
Financial Statements Audit Report

**Snohomish County Fire Protection
District No. 12
(Marysville Fire District)**

Audit Period
January 1, 2008 through December 31, 2009

Report No. 1003639

Issue Date
June 1, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

June 1, 2010

Board of Directors
Marysville Fire District
Marysville, Washington

Report on Financial Statements

Please find attached our report on Marysville Fire District's financial statements.

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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Snohomish County
January 1, 2008 through December 31, 2009**

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

Marysville Fire District Snohomish County January 1, 2008 through December 31, 2009

Board of Directors
Marysville Fire District
Marysville, Washington

We have audited the financial statements of Marysville Fire District, Snohomish County, Washington, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 31, 2010.

We conducted our audits 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 audits, 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 and the Board of Directors. 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", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 31, 2010

Independent Auditor's Report on Financial Statements

Marysville Fire District Snohomish County January 1, 2008 through December 31, 2009

Board of Directors
Marysville Fire District
Marysville, Washington

We have audited the accompanying financial statements of Marysville Fire District, Snohomish County, Washington, for the years ended December 31, 2009 and 2008. 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 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 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 audits provide 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 Marysville Fire District, for the years ended December 31, 2009 and 2008, 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 audits.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Long-Term Debt is presented for purposes

of additional analysis as required by the prescribed BARS manual. The schedule is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 31, 2010

Financial Section

**Marysville Fire District
Snohomish County
January 1, 2008 through December 31, 2009**

FINANCIAL STATEMENTS

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SNOHOMISH COUNTY FIRE DISTRICT #12 dba MARYSVILLE FIRE DISTRICT
RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2009

			Marysville Fire District				Snohomish County Fire District #12			
BARS Code	Description	Total for All Funds	Current Expense 001	Reserve 101	Enterprise 103	Debt Service 201	Current Expense 002	Reserve 102		
		Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount		
308	Beginning Cash and Investments	\$ 10,375,079	\$ 6,008,926	\$ 2,056,215	\$ 15,000	\$ -	\$ 1,167,684	\$ 1,127,254		
388.80/588.80	Prior Period Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Revenues and Other Sources										
310	Taxes	\$ 6,123,854	\$ -	\$ -	\$ -	\$ -	\$ 6,123,854	\$ -		
320	Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
330	Intergovernmental Revenues	\$ 7,616,050	\$ 7,616,050	\$ -	\$ -	\$ -	\$ -	\$ -		
340	Charges for Goods and Services	\$ 1,901,422	\$ 1,824,077	\$ 5,582	\$ 71,763	\$ -	\$ -	\$ -		
350	Fines and Forfeits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
360	Miscellaneous	\$ 195,706	\$ 154,971	\$ 22,323	\$ 207	\$ -	\$ 9,434	\$ 8,771		
390	Other Financing Sources	\$ 7,455,710	\$ 6,015,131	\$ 1,178,775	\$ -	\$ 125,878	\$ 135,926	\$ -		
Total Revenues and Other Sources		\$ 23,292,741	\$ 15,610,229	\$ 1,206,680	\$ 71,970	\$ 125,878	\$ 6,269,213	\$ 8,771		
Total Resources		\$ 33,667,819	\$ 21,619,155	\$ 3,262,895	\$ 86,970	\$ 125,878	\$ 7,436,897	\$ 1,136,025		
Expenditures and Other Uses										
510	General Government Services	\$ 96,531	\$ 85,980	\$ -	\$ -	\$ -	\$ 10,551	\$ -		
520	Public Safety	\$ 12,244,969	\$ 12,199,002	\$ -	\$ 45,967	\$ -	\$ -	\$ -		
Total Operating Expenditures		\$ 12,341,501	\$ 12,284,982	\$ -	\$ 45,967	\$ -	\$ 10,551	\$ -		
591-593	Debt Service	\$ 125,878	\$ -	\$ -	\$ -	\$ 125,878	\$ -	\$ -		
594	Capital Expenditures	\$ 1,098,598	\$ 390,758	\$ 707,840	\$ -	\$ -	\$ -	\$ -		
598	Other Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Expenditures		\$ 13,565,977	\$ 12,675,741	\$ 707,840	\$ 45,967	\$ 125,878	\$ 10,551	\$ -		
986.597.598	Other Financing Uses	\$ 6,667,456	\$ 400,000	\$ 125,878	\$ 25,878	\$ -	\$ 5,979,774	\$ 135,926		
Total Expenditures and Other Uses		\$ 20,233,432	\$ 13,075,741	\$ 833,718	\$ 71,846	\$ 125,878	\$ 5,990,325	\$ 135,926		
Excess (Deficit) of Resources Over Uses		\$ 13,434,387	\$ 8,543,415	\$ 2,429,177	\$ 15,124	\$ -	\$ 1,446,572	\$ 1,000,099		
380	Nonrevenues (Except 384 and 388.80)	\$ 5,602	\$ 1,667	\$ -	\$ 3,935	\$ -	\$ -	\$ -		
580	Nonexpenditures (Except 584 and 588.80)	\$ 5,028	\$ 1,093	\$ -	\$ 3,935	\$ -	\$ -	\$ -		
508	Ending Cash and Investments	\$ 13,434,960	\$ 8,543,988	\$ 2,429,177	\$ 15,124	\$ -	\$ 1,446,572	\$ 1,000,099		

The Accompanying Notes Are An Integral Part Of This Statement.

SNOHOMISH COUNTY FIRE DISTRICT #12 dba MARYSVILLE FIRE DISTRICT
RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2008

BARS Code	Description	Marysville Fire District			Snohomish County Fire District #12		
		Total for All Funds	Current Expense 001	Reserve 101	Enterprise 103	Current Expense 002	Reserve 102
308	Beginning Net Cash and Investments	\$ 12,670,260	\$ 3,585,418	\$ 6,081,651	\$ 15,176	\$ 1,180,594	\$ 1,807,420
	Revenues and Other Sources						
310	Taxes	5,550,260	-	-	-	5,550,260	-
320	Licenses and Permits	-	-	-	-	-	-
330	Intergovernmental Revenues	6,898,549	6,898,549	-	-	-	-
340	Charges for Goods and Services	1,707,250	1,588,884	6,946	111,420	-	-
350	Fines and Penalties	-	-	-	-	-	-
360	Miscellaneous	562,102	291,119	171,098	1,001	29,050	69,834
390	Other Financing Sources	6,166,709	5,666,709	500,000	-	-	-
	Total Revenues and Other Financing Sources	\$ 20,884,871	\$ 14,445,262	\$ 678,044	\$ 112,421	\$ 5,579,310	\$ 69,834
	Total Resources	\$ 33,555,130	\$ 18,030,680	\$ 6,759,696	\$ 127,597	\$ 6,759,904	\$ 1,877,254
	Expenditures and Other Uses						
510	General Government Services	105,011	99,163	0	-	5,847	-
520	Public Safety	11,250,579	11,177,926	-	72,652	-	-
	Total Operating Expenditures	11,355,590	11,277,089	0	72,652	5,847	-
591-593	Debt Service	-	-	-	-	-	-
594	Capital Expenditures	5,699,382	245,902	4,703,480	-	-	750,000
598	Other Expenditures						
	Total Expenditures	\$ 17,054,972	\$ 11,522,991	\$ 4,703,481	\$ 72,652	\$ 5,847	\$ 750,000
596, 597, 599	Other Financing Uses	6,126,318	500,000	-	39,945	5,586,373	-
	Total Expenditures and Other Financing Uses	\$ 23,181,289	\$ 12,022,991	\$ 4,703,481	\$ 112,597	\$ 5,592,220	\$ 750,000
	Excess (Deficit) of Resources Over Uses	10,373,841	6,007,688	2,056,215	15,000	1,167,684	1,127,254
380	Nonrevenues (Except 384 and 388.80)	6,297	1,238	-	5,059	-	-
580	Nonexpenditures (Except 584 and 588.80)	5,059	-	-	5,059	-	-
508	Ending Net Cash and Investments	\$ 10,375,079	\$ 6,008,926	\$ 2,056,215	\$ 15,000	\$ 1,167,684	\$ 1,127,254

The Accompanying Notes Are An Integral Part Of This Statement.

Notes to Financial Statements
Snohomish County Fire District #12 dba Marysville Fire District
Period Ending December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Snohomish County Fire District #12 dba Marysville Fire District is a special purpose government that provides fire protection and EMS services to the general public and is supported primarily through property taxes. Marysville Fire District is an interlocal agency formed through a contractual agreement between Snohomish County Fire District 12 and the City of Marysville. The interlocal agency was ratified on January 1, 1992 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.

Special Revenue (Reserve & Enterprise) Funds

These funds account for the financial resources dedicated towards capital outlay, special project expenditures, and the enterprising activities of our interlocal apparatus service and repair program and District hosted training events.

Debt Service Fund

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

b. Basis of Accounting

The Snohomish County Fire District #12 dba Marysville Fire 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.

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. The District utilizes a 20 day open period to satisfy completed transactions from the previous accounting period.

Purchases of capital assets are expensed during the current 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 cash and investments.

d. Deposits

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

e. Capital Assets

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

f. Compensated Absences

Vacation pay may be accumulated up to 360 hours and is payable upon separation or retirement. Sick leave may accumulate up to 1040 hours for 40-hour per week employees, and 1440 hours for 24-hour shift employees. Sick leave shall be deducted and used on an hour-for hour basis. Employees shall be entitled to use sick leave when they are incapacitated for the performance of their duties by reason of personal sickness or injury. Additionally, employees will be allowed to use up to three (3) calendar weeks of accrued sick leave or other paid time off for family illness where the employee's presence is required. The presence of an employee shall be deemed as required for medically documented illness or injury involving the employee's immediate family, which shall consist of spouse, son, daughter, step children, parents, parents-in-law, or grandparents. Employees may use their choice of sick leave or other paid time off to care for a child (under the age of (18) eighteen) with a health condition which requires treatment or supervision. Additional time for family leave shall be granted either as unpaid leave or vacation. In the event an employee requests time off for the sole purpose to care for a newborn child, employees will be granted vacation leave up to three calendar weeks. Combined use of sick leave, unpaid leave, or vacation shall not exceed twelve (12) weeks per year. Application and limitations for family medical leave use shall be governed by District Policy #2721, "Family and Medical Leave" – and the "Washington Family Care Law." At retirement or separation from service, each LEOFF II employee with ten (10) or more years of fulltime service with the District shall be entitled to have their accumulated and unused sick leave cashed out at their current rate of pay (not including transferred sick leave), in accordance with the schedule below to a maximum accumulation of 1440 hours for 24-hour shift employees, and 1040 for 40-hour week employees. Exceptions: (1) Any employee who passes away during the term of this

agreement shall qualify for sick leave cash out at thirty percent (30%) of the total sick leave bank accumulated regardless of years of service and the said funds shall be distributed to the employee's beneficiary. (2) Employees that are terminated for cause shall not be entitled to the sick leave cash out benefit provided for in Article 26.9.

Years of Service	Cash Out
10-19 years	15%
20-25 years	20%
25+ years	30%

The District's estimated liability for sick leave and vacation pay termination benefits on December 31, 2009 was \$1,340,000.

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 at the end of each month.

Property tax revenues are recognized when cash is received by Snohomish County Fire District #12. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Snohomish County Fire District #12 regular levy for the year 2009 was \$1.0924 per \$1,000 on an assessed valuation of \$3,862,708,261 for a total regular levy of \$4,219,448.

The Snohomish County Fire District #12 EMS levy for the year 2009 was \$0.50 per \$1,000 on an assessed valuation of \$3,878,678,461 for a total additional levy of \$1,939,339.

NOTE 4 – INVESTMENTS

The Marysville Fire District/Snohomish County Fire District #12 investments are held by the Snohomish County Treasurer as its agent in the District's name. Investments by type at December 31, 2009 were as follows:

<u>Type of Investment</u>	<u>Balance</u>
State Pool / MFD	\$ 3,336,437
County Pool / MFD	\$ 7,500,000
State Pool / SCFD 12	\$ 1,441,978
County Pool / SCFD 12	\$ 1,000,000
Total	<u>\$ 13,278,415</u>

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 2009. The debt service requirements, including interest, are as follows:

	General Obligation Bonds	Other Debt	Total Debt
2009	\$125,878		\$125,878
2010	\$129,563		\$129,563
2011	\$126,113		\$126,113
2012	\$127,663		\$127,663
2013	\$129,063		\$129,063
TOTALS	\$638,280		\$638,280

NOTE 6 – PENSION PLANS

Substantially all of the Marysville Fire District / Snohomish Count Fire District #12's full-time employees participate in the LEOFF I, LEOFF II, PERS II, or PERS III plans administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

NOTE 7 - OTHER DISCLOSURES

Petty Cash and Travel Accounts

The District holds two separate Frontier Bank checking accounts for Petty Cash and Travel purposes with a combined maximum balance of \$4,000. The reconciled balance of both accounts as of December 31, 2009 is \$3,306.54. This amount has been accounted for in the Marysville Fire District Expense Fund – 001.

Ambulance Billing Account

The District holds a Bank of America checking account for the weekly deposit of ambulance billing revenues collected by our contracted medical billing agency, Systems Design West, LLC.

This agency is only granted depository authority to the above noted account. Each month the District withdraws all funds in excess of \$2,600 and deposits them into the Marysville Fire District Expense Fund – 001. The reconciled balance of our Bank of America checking account as of December 31, 2009, is \$148,546.12. This amount has been accounted for in the Marysville Fire District Expense Fund – 001.

New Fire Station

In 2007 the District identified the need, and moved forward with proper protocol, for an additional fire station located in the southeast portion of our jurisdiction. Expenditures for this project are being presented in the Marysville Fire District Reserve Fund – 101. As of December 31, 2009 the project has been completed and the total land acquisition, furniture, and fixture costs equate to approximately \$5,112,323 (FY2007 = \$252,677, FY2008 = \$4,489,876, FY2009 = \$252,677). The District began operations from the station on November 15, 2008.

New Administrative Facility Acquisition and Remodel

In 2008, the District identified the need, and moved forward with proper protocol for the acquisition and subsequent remodel of a separate administrative facility. The 2008 land/building acquisition costs were approximately \$958,305, of this, \$580,000 was financed through the Washington State Treasurer's Office LOCAL Program. LOCAL funds were received in February 2009. As of December 31, 2009 the subsequent remodel, furniture, and fixture costs have totaled approximately \$339,994, with an estimated \$25,000 remaining pending final completion and acceptance. Expenditures for this project are presented in the Marysville Fire District Reserve Fund – 101. The District began operations from this facility on October 3, 2009.

Notes to Financial Statements
Snohomish County Fire District #12 dba Marysville Fire District
Period Ending December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Snohomish County Fire District #12 dba Marysville Fire District is a special purpose government that provides fire protection and EMS services to the general public and is supported primarily through property taxes. Marysville Fire District is an interlocal agency formed through a contractual agreement between Snohomish County Fire District 12 and the City of Marysville. The interlocal agency was ratified on January 1, 1992 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.

Special Revenue (Reserve & Enterprise) Funds

These funds account for the financial resources dedicated towards capital outlay, special project expenditures, and the enterprising activities of our interlocal apparatus service and repair program and District hosted training events.

b. Basis of Accounting

The Snohomish County Fire District #12 dba Marysville Fire 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.

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. The District utilizes a 20 day open period to satisfy completed transactions from the previous accounting period.

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

c. Cash

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

d. Deposits

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

e. Capital Assets

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

f. Compensated Absences

Vacation pay may be accumulated up to 360 hours and is payable upon separation or retirement. Sick leave may accumulate up to 1040 hours for 40-hour per week employees, and 1440 hours for 24-hour shift employees. Sick leave shall be deducted and used on an hour-for hour basis. Employees shall be entitled to use sick leave when they are incapacitated for the performance of their duties by reason of personal sickness or injury. Additionally, employees will be allowed to use up to three (3) calendar weeks of accrued sick leave or other paid time off for family illness where the employee's presence is required. The presence of an employee shall be deemed as required for medically documented illness or injury involving the employee's immediate family, which shall consist of spouse, son, daughter, step children, parents, parents-in-law, or grandparents. Employees may use their choice of sick leave or other paid time off to care for a child (under the age of (18) eighteen) with a health condition which requires treatment or supervision. Additional time for family leave shall be granted either as unpaid leave or vacation. In the event an employee requests time off for the sole purpose to care for a newborn child, employees will be granted vacation leave up to three calendar weeks. Combined use of sick leave, unpaid leave, or vacation shall not exceed twelve (12) weeks per year. Application and limitations for family medical leave use shall be governed by District Policy #2721, "Family and Medical Leave" – and the "Washington Family Care Law." At retirement or separation from service, each LEOFF II employee with ten (10) or more years of fulltime service with the District shall be entitled to have their accumulated and unused sick leave cashed out at their current rate of pay (not including transferred sick leave), in accordance with the schedule below to a maximum accumulation of 1440 hours for 24-hour shift employees, and 1040 for 40-hour week employees. Exceptions: (1) Any employee who passes away during the term of this agreement shall qualify for sick leave cash out at thirty percent (30%) of the total sick leave bank accumulated regardless of years of service and the said funds shall be distributed to the employee's beneficiary. (2) Employees that are terminated for cause shall not be entitled to the sick leave cash out benefit provided for in Article 26.9.

Years of Service	Cash Out
10-19 years	15%
20-25 years	20%
25+ years	30%

The District's estimated liability for sick leave and vacation pay termination benefits on December 31, 2008 was \$1,117,027.

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 at the end of each month.

Property tax revenues are recognized when cash is received by Snohomish County Fire District #12. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Snohomish County Fire District #12 regular levy for the year 2008 was \$1.0613 per \$1,000 on an assessed valuation of \$3,871,732,057 for a total regular levy of \$4,109,162.

The Snohomish County Fire District #12 EMS levy for the year 2008 was \$0.3799 per \$1,000 on an assessed valuation of \$3,888,798,857 for a total additional levy of \$1,477,211.

NOTE 4 – INVESTMENTS

The Marysville Fire District/Snohomish County Fire District #12 investments are held by the Snohomish County Treasurer as its agent in the District's name. Investments by type at December 31, 2008 were as follows:

<u>Type of Investment</u>	<u>Balance</u>
State Pool / MFD	\$ 7,820,830
State Pool / SCFD 12	\$ 2,289,155
Total	<u>\$ 10,109,985</u>

NOTE 5 – LONG-TERM DEBT

As of December 31, 2008, the District had no debt.

NOTE 6 – PENSION PLANS

Substantially all of the Marysville Fire District / Snohomish County Fire District #12's full-time employees participate in the LEOFF I, LEOFF II, PERS II, or PERS III plans administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee

defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

NOTE 7 - OTHER DISCLOSURES

Petty Cash and Travel Accounts

The District holds two separate Frontier Bank checking accounts for Petty Cash and Travel purposes with a combined maximum balance of \$4,000. The reconciled balance of both accounts as of December 31, 2008 is \$3,900.00. This amount has been accounted for in the Marysville Fire District Expense Fund – 001.

Ambulance Billing Account

The District holds a Bank of America checking account for the weekly deposit of ambulance billing revenues collected by our contracted medical billing agency, Systems Design West, LLC. This agency is only granted depository authority to the above noted account. Each month the District withdraws all funds in excess of \$2,600 and deposits them into the Marysville Fire District Expense Fund – 001. The reconciled balance of our Bank of America checking account as of December 31, 2008, is \$105,606.33. This amount has been accounted for in the Marysville Fire District Expense Fund – 001.

New Fire Station

In 2007 the District identified the need, and moved forward with proper protocol, for an additional fire station located in the southeast portion of our jurisdiction. Expenditures for this project are being presented in the Marysville Fire District Reserve Fund – 101. As of December 31, 2008, construction, land acquisition, furniture, and fixture costs have totaled \$4,489,876, with approximately \$400,000 remaining pending final completion and acceptance. The District began operations from the station on November 15, 2008.

New Administrative Facility Acquisition and Remodel

In 2008, the District identified the need, and moved forward with proper protocol for the acquisition and subsequent remodel of a separate administrative facility. As of December 31, 2008 acquisition costs have totaled \$958,305. Subsequent remodel, furniture, and fixture costs are estimated to be approximately \$372,000. Expenditures for this acquisition are presented in the Marysville Fire District Reserve Fund – 101 and Snohomish County Fire District #12 Reserve Fund – 102. The District is utilizing the Washington State Treasurer's Office LOCAL Program to finance \$580,000 of the acquisition cost. This financing arrangement has been structured as a reimbursement of the acquisition cost. The LOCAL funds will be appropriated to the Marysville Fire District Reserve Fund - 101 in February 2009. This debt is non-voted.

SNOHOMISH COUNTY FIRE DISTRICT NO. 12 dba MARYSVILLE FIRE DISTRICT
SCHEDULE OF LONG-TERM DEBT
For the Year Ended December 31, 2009

Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 01/01/2009 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	BARS Code for Receipt	Receiving Fund Number	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/2009
02/2009	12/2013	\$ -	\$ 585,000	391.90	101	\$ 110,000	591.22.70	201	\$ 475,000
TOTAL		\$ -	\$ 585,000			\$ 110,000			\$ 475,000



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.

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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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
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