Washington State Auditor's Office

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Financial Statements and Federal Single Audit Report

Pierce County Fire Protection District No. 6
(Central Pierce Fire and Rescue)

For the period January 1, 2014 through December 31, 2014

Published September 17, 2015

Report No. 1015083

Washington State Auditor's Office

September 17, 2015

Board of Commissioners
Central Pierce Fire and Rescue
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Central Pierce Fire and Rescue's financial statements and compliance with federal laws and regulations.

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

Sincerely,

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

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FEDERAL SUMMARY

Central Pierce Fire and Rescue
Pierce County
January 1, 2014 through December 31, 2014

The results of our audit of the Central Pierce Fire and Rescue are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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 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 deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

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

CFDA No.	Program Title
97.083	Staffing for Adequate Fire and Emergency Response

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.

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*

Central Pierce Fire and Rescue
Pierce County
January 1, 2014 through December 31, 2014

Board of Commissioners
Central Pierce Fire and Rescue
Tacoma, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Central Pierce Fire and Rescue, Pierce County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 1, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit 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 opinions 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.

Jan M Jutte

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

September 1, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Central Pierce Fire and Rescue
Pierce County
January 1, 2014 through December 31, 2014

Board of Commissioners
Central Pierce Fire and Rescue
Tacoma, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Central Pierce Fire and Rescue, Pierce 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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 on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report 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.

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

September 1, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Central Pierce Fire and Rescue
Pierce County
January 1, 2014 through December 31, 2014

Board of Commissioners
Central Pierce Fire and Rescue
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Central Pierce Fire and Rescue, Pierce County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 opinions 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Central Pierce Fire and Rescue, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 21, budgetary comparison information on pages 51 through 52 and information on postemployment benefits other than pensions on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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*. This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 September 1, 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.

Jan M Jutte

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

September 1, 2015

FINANCIAL SECTION

Central Pierce Fire and Rescue
Pierce County
January 1, 2014 through December 31, 2014

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY AND OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This discussion and analysis presents the highlights of financial activities and financial position for Pierce County Fire Protection District No. 6. The analysis focuses on the financial activities of the District for the fiscal year ended December 31, 2014 and is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The following are the financial highlights of the District for the fiscal year ended December 31, 2014.

- In the government-wide financial statements, the assets of the District exceeded its liabilities at December 31, 2014 by $26,757,889 (net position). Of this amount, $7,191,489 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The District's total net position decreased by $187,421, primarily due to an increase in Other Post-Employment Benefits (OPEB) that the District funds pay as you go, and a decrease in bonds payable due to principal payoff. This decrease in total net position was anticipated.

- As of December 31, 2014 the District's governmental funds reported combined ending fund balances of $39,047,685. Of this amount, 8% is unassigned.

- At December 31, 2014, total fund balance for the general fund was $17,166,679, or 54 percent of total general fund expenditures. Of this balance, $233,006 is nonspendable, with no restrictions for unclaimed property. $5,157,909 has been committed for equipment replacement, reserves, and facility repair and maintenance, $8,500,000 has been assigned for minimum cash flow requirement, and $3,275,764 is unassigned and available for new spending.

- The District's total long-term liabilities decreased by $360,562 during the current fiscal year. The key factors in this were a $1,742,840 principal payment toward the unlimited tax general obligation bonds, a net increase in OPEB of $1,180,662, and a net increase in compensated absences of $144,645. Also, the District currently has 241 members who could take advantage of the OPEB program in the future.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information (RSI).

1. Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business and include the statement of net position and the statement of activities. They focus on an entity-wide presentation using the accrual basis of accounting and are designed to be more corporate-like in that all activities are consolidated.

The statement of net position presents information on all of the District's resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the District owns, the liabilities it owes, deferred outflows of resources, deferred inflows of resources, and their effects on the government's net position. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise in the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 19 and 20 of this report.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances for those funds. These financial statements report three major funds: the general fund, EMS special revenue fund, and the capital projects fund. The District has one non-major fund: debt service.

The District adopts an annual appropriated budget for all funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the general fund, EMS special revenue fund, and capital projects fund as required supplementary information.

The basic governmental fund financial statements can be found on pages 21, 23 and 25 of this report.

3. Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

The notes to the basic financial statements can be found on pages 27-53 of this report.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI schedules include budgetary comparisons for the General Fund and EMS Special Revenue Funds.

Required supplementary information can be found on pages 57-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's combined net position was $26,757,888 at December 31, 2014.

	Governmental Activities		
	2014	2013	Percent Change
Current and other assets:	$ 41,471,570	$ 42,559,595	(2.56) %
Capital Assets	19,566,400	18,983,210	3.07
Total Assets:	61,037,970	61,542,805	(0.82)
Current Liabilities:	3,573,746	3,673,128	(2.71)
L/T Liabilities Outstanding	30,706,336	30,924,366	(0.71)
Total Liabilities:	34,280,082	34,597,495	(0.92)
Net Position:			
Net Investment in Capital Assets	19,566,400	18,983,210	3.07
Unrestricted	7,191,489	7,962,100	(9.68)
Total Net Position:	$ 26,757,889	$ 26,945,310	(0.70) %

The largest portion of the District's net position (73 percent of total net position) reflects its investment in capital assets (e.g. land, buildings, fire apparatus, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The District's largest liability (54 percent of total liabilities) is for the general obligation bond debt issued in 2013. The District also has notable OPEB liability (25 percent of total liabilities), while current liabilities of the District consist largely of accounts payable and salaries and benefits.

Governmental Activities

Governmental activities decreased the District's net position during the current year by $187,421, which is a 0.7 percent reduction in the District's net position. Key elements of the decrease are as follows:

	Governmental Activities		
	2014	2013	Percent Change
Revenues:			
Property Taxes	$ 24,838,550	$21,172,073	17.32 %
Charges for Services	20,047,513	19,883,213	0.83
Grants	1,598,685	854,597	87.07
Investment Interest	43,465	23,661	83.70
Miscellaneous Revenue	86,412	29,087	197.08
Gain-sale of cap asset	77,128	102	75,515
Total Revenues:	46,691,753	41,962,733	11.27 %

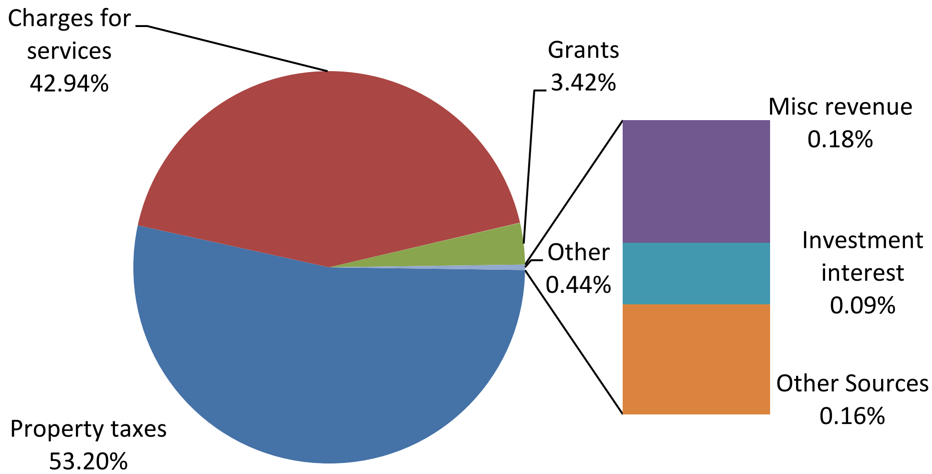
Expenses:			
Public Safety	46,879,171	46,371,626	(0.29) %
Interest on L/T Debt	699,026	56,931	1127.85
Total Expenses:	46,879,171	46,371,626	1.09
Change in Net Position:	(187,418)	(4,408,893)	(95.75)
Net Position – start of year	26,945,310	31,354,203	(14.06)
Net Position – End of Year	$ 26,757,892	$26,945,310	(0.70) %

Key elements affecting governmental activities:

- In 2014, assessed value increased by 3 percent which drives property tax revenue. Additionally, 2014 was the first year the District collected property tax for an excess levy for the 2013 Unlimited Tax General Obligation (UTGO) Bond. Consequently, the District had an increase in property tax collections of $3,666,477, of which approximately $2.5 million was due to the excess levy. 2014 was also the second year of the FEMA SAFER grant, and the first full year that all eleven full-time firefighters were funded, as they were hired mid-year 2013, thus accounting for the majority of the $744,088 increase in grants. The fire benefit charge and patient transport fees make up the majority of charges for services.

- Expenditures increased slightly due to personnel costs related to a cost of living increase and the first year interest payment for the General Obligation Bond.

Revenue Sources - Governmental Activities
Fiscal Year 2014



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances on spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.
As of December 31, 2014, the District's governmental funds reported combined ending fund balances of $39,047,685. 8 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not currently available for new spending. It has already been allocated for other purposes including capital expenditures, facility maintenance, prepaid expenditures (inventory), or for initial cash flow in the event of a major disaster (reserve).

The General Fund is the chief operating fund of the District. At December 31, 2014, unassigned fund balance of the general fund was $3,275,764, with total fund balance of $17,166,679. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10 percent of the total General Fund expenditures, while total fund balance represents 54 percent of that same amount. It is the District's policy to strive to end the year with approximately 5 percent of actual expenditures in fund balance to assure positive cash flow for the next fiscal year. Thus, 10 percent, in terms of liquidity, is a healthy result, whereas the 54 percent includes long-term fund balance designations that provide for future capital replacements which benefit liquidity on a long-range basis and aid in continuity of operations.

Fund balance of the District's General Fund increased by $71,488, or approximately 0.42 percent during the current fiscal year. The key factor was a decrease in accounts payable.

The net decrease in fund balance of $283,892 in the EMS special revenue fund is attributable primarily to increased personnel costs in the EMS Fund.

The Districts Capital Projects Fund decreased fund balance by $842,331, due to expenditures for ongoing bond projects, land acquisition, and work in progress spending down as planned.

BUDGETARY HIGHLIGHTS

General Fund

The original 2014 budget adopted by the Board of Fire Commissioners for the General Fund was $32,953,635.

The general fund budget was amended throughout the year for the following reasons:

- The District increased budget for the implementation of a project management software, personal protective equipment tracking software, and tablets with docking stations for management, for a total cost of $44,660.

- The District received funding from AFG grants which were budgeted at $390,000. The grants required a 20 percent match of District funds. Revenue was increased by $390,000 and expenditures were appropriated at $390,000.

- The District General Fund budget was also amended for $628,500, the majority of which was for $725,581 in suppression overtime, and $56,573 to the Training Division for Bluecard and Pierce County Department of Emergency Management (PCDEM). The budget increases were offset by reductions of $88,173 to Commissioners budget, and $48,795 to the Human Resources Division for excess budget at year end.

- There were also various minor budget adjustments between divisions but none that changed the grand total of the budget.

Total revenue was higher than the final approved revenue budget by a net of $12,114. This was due to higher than expected tax and assessment collections, as well as lower than expected grant reimbursements.

Actual expenditures totaled 97 percent of the final budgeted amounts, in majority due to delays in capital equipment purchases as well as continued Divisional reductions in expenditures wherever possible. It is anticipated that the savings for capital purchased not fulfilled in fiscal year 2014 as well as the increased revenue will be used to meet contractual obligations in future years.

CAPITAL ASSETS

The District's investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and support vehicles, and general suppression, emergency medical, and technological equipment, and intangibles. As of December 31, 2014, the District had invested $18,983,210 in capital assets, net of depreciation. The decrease in investment of capital assets for 2013 was 3.4 percent due to aging buildings and equipment. For 2014, facility needs are scheduled to be addressed with general obligation bond proceeds according to the capital improvement plan, while equipment purchases that were pushed off due to the economic downturn are again being replaced per the equipment replacement plan.

	Governmental Activities		
	2014	2013	Percent Change
Land	$ 1,141,650	$ 1,178,650	(3.1) %
Work in progress	1,285,703	-	100.0
Buildings	13,662,383	10,428,044	31.0
Machinery and equipment	13,054,239	12,977,514	0.6
Intangibles	852,575	534,935	59.4
Total capital assets	$ 29,996,550	$ 25,119,142	19.4 %

Major capital asset activities during the fiscal year included the following changes:

- Sale of Shaw Road Property (Land).
- 2 Gurneys.
- 3 Servers (IT).
- Project Management Software
- 3 sets Extrication Tools for vehicle accidents.
- 1 Chevrolet Impala Staff car.
- 1 Air Compressor.
- 1 Bunker Washer at Station 71 for washing suppression personal protective gear.
- Work In Progress includes 2 Medic Units, 2 For Explorer Staff response vehicles, and improvements for capital bond projects for stations 60,61,63,65,66,68,69 & 72.

Additional information on the District's capital assets can be found in Note 10 to the financial statements.

LONG-TERM DEBT

As of December 31, 2014, The District's had total UTGO bonded debt outstanding of $17,310,000. All of this amount is general obligation debt backed by the full faith and credit of the District. Outstanding debt is low as a percentage of capacity, at 14.9 percent of the District's total debt capacity.

The District's total debt capacity is $116,330,000, with the remaining capacity for voted and non-voted debt at $40,855,000 and $58,165,000 respectively.

Additional information on the District's long-term debt can be found in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with the District's short and long-term goals and objectives. The following are the major assumptions used in developing the 2015 fiscal year budget:

- The District's assessed value (AV) for existing property and structures, the basis of property tax revenue, is expected to increase approximately 7.8 percent. Adding in new construction the realized increase in assessed valuation will be approximately 7.9 percent. This is the second consecutive increase following a three years decline in assessed valuation. This increase coupled with the 3 percent gain in 2013 helps us recover just over half of the 20 percent loss in suffered from 2010 through 2012. The increase is attributed to a rebound in local and regional real estate market.

- The regular property tax rate will remain at $1.00 per $1,000 of assessed valuation and the EMS levy will remain at $.50 per $1,000 of assessed valuation. These rates are the maximum allowed by law.

- The Board of Fire Commissioners voted to increase the fire benefit charge rate for 2015 by 4.584 percent. This increase was needed to continue to recover from prior assessed valuation decline.

- Total revenue for the District is estimated to be 4.5 percent higher than the previous year adopted budget. This is mostly attributable to the $1,785,758 in property tax collection due to AV increase, $820,419 in additional fire benefit charges due to the 2015 rate increase, $321,605 decrease in contract revenue due to the termination of services provided to Riverside Fire Protection District 14, and $107,105 decrease in grant revenue due to 2015 being the final year of the SAFER grant, as well as minimal impacts of new construction and improvements.

- Due to slow economic recovery, the District continues to take a conservative approach in terms of budgeted expenditures, and continues to hold positions vacant that have been left through attrition (primarily retirement).

- Cost of Living (COLA) increases were estimated at 1.9 percent for all employees, however, IAFF Local 726, of which all commissioned staff are members except the Fire Chief, remains in negotiations for the 2015 – 2018 contract. Future years COLA's will be decided in 2015 as labor contracts expired December 2014.

- For 2015, the District's changed minimum daily staffing from 57 to 54 commissioned firefighters in order to reduce personnel costs and close the gap of expenditures in excess of revenues. Total estimated expenditures for 2015 are $56,379,778 which includes capital bond projects, capital equipment replacement, and general obligation debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show accountability for the money it receives. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Central Pierce Fire & Rescue, Finance Division, 17520 – 22nd Avenue East, Tacoma, Washington, 98445.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Statement of Net Position
December 31, 2014

ASSETS	
Cash and Cash Equivalents	$ 7,189,583
Investments	31,554,100
Taxes Receivable	840,092
Accounts Receivable	1,246,089
Due From Other Governments	355,226
Interest Receivable	9,386
Inventories	276,682
Restricted Assets	413
Capital Assets	
Non-depreciable	2,427,353
Net Depreciable Assets:	
Net Buildings	10,202,513
Net Machinery & Eq	6,440,653
Net Intangible	495,881
Total Assets	61,037,971
LIABILITIES	
Accounts Payable	794,027
Accrued Interest Payable	60,268
Other Post-Employment Benefits	8,691,980
Compensated Absences	
Due within one year	276,238
Due in more than one year	6,084,539
Bonds Payable:	
Due within one year	2,443,213
Due in more than one year	15,929,818
Total Liabilities	34,280,082
NET POSITION	
Net Investment in Capital Assets	19,566,400
Unrestricted (deficit)	7,191,489
Total net position	$ 26,757,889

The notes to the financial statements are an integral part of this statement.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Statement of Activities
For Year Ended December 31, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government:					
Governmental Activities					
Public Safety	$ 46,180,145	$ 20,047,513	$ 1,598,685	$ -	$ (24,533,947)
Interest on Long-term Debt	699,026				(699,026)
Total governmental activities	46,879,171	20,047,513	1,598,685	-	(25,232,973)
Total primary government	$ 46,879,171	$ 20,047,513	$ 1,598,685	$ -	$ (25,232,973)

General Revenues	
Property Taxes	24,838,550
Interest Income	43,465
Miscellaneous Revenue	163,540
Total General Revenue	25,045,555
Change in net position	(187,418)
Net Position - Beginning	26,945,310
Net Position - Ending	$ 26,757,892

The notes to the financial statements are an integral part of this statement.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Balance Sheet
Governmental Funds
December 31, 2014

ASSETS and OUTFLOWS of RESOURCES	**General (001)**	**Special Revenue (101)**	**Capital Projects (301)**	**Other Governmental Funds (201)**	**Total Governmental Funds**
Cash and Cash Equivalents	$ 5,606,583	$ 1,453,955	$ 99,330	$ 29,715	$ 7,189,583
Investments	11,419,942	901,725	19,172,433	60,000	31,554,100
Taxes Receivable	528,268	264,041	-	47,783	840,092
Accounts Receivable	570,019	676,070	-	-	1,246,089
Due From Other Governments	340,747	14,479	-	-	355,226
Interest Receivable	30	-	9,356	-	9,386
Inventories	233,006	43,676	-	-	276,682
Restricted Asset: Unclaimed Property	-	413	-	-	413
Total Assets	$ 18,698,595	$ 3,354,359	$ 19,281,119	$ 137,498	$ 41,471,570
Deferred Outflow of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	18,698,595	3,354,359	19,281,119	137,498	41,471,570
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES					
Liabilities:					
Accounts Payable	539,993	152,861	101,173	-	794,027
Total Liabilities	$ 539,993	$ 152,861	$ 101,173	$ -	$ 794,027
Deferred Inflows of Resources	$ 991,923	596,383	-	41,553	1,629,859
Fund Balances:					
Nonspendable:					
Inventories	$ 233,006	$ 43,676			$ 276,682
Restricted for:					-
General Obligation Bond			$ 19,179,946		19,179,946
Debt service				95,945	95,945
Unclaimed Property	-	413			413
Committed to:					-
Equipment Replacement	3,804,954				3,804,954
Reserve	1,194,211				1,194,211
Facilities	158,744				158,744
Emergency medical transport		673,883			673,883
Assigned to:					-
Minimum cash flow requirement	8,500,000				8,500,000
Emergency medical services		1,887,143			1,887,143
Unassigned:	3,275,764				3,275,764
Total fund balances	$ 17,166,679	$ 2,605,115	$ 19,179,946	$ 95,945	$ 39,047,685
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,698,595	$ 3,354,359	$ 19,281,119	$ 137,498	$ 41,471,571

The notes to the financial statements are an integral part of this statement.

Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position

Total Fund Balances:		$ 39,047,685
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are therefore are not reported in the funds. Those assets consist of:		
Land	$ 1,141,650	
Work in progress	1,285,703	
Other capital assets, net of accumulated depreciation	17,139,047	
Total capital assets		19,566,400
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows in the funds. These revenues consist of:		
Taxes - regular levy	480,466	
Taxes - EMS levy	240,139	
Taxes - General Obligation Bonds	41,553	
Fire Benefit Charge	511,457	
Accounts receivable - transports	355,831	
Unclaimed property	413	
Total revenues		1,629,859
Long-term liabilites applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
General Obligation Bond	(17,310,000)	
Premium on General Obligation Bond	(1,123,298)	
Compensated absences	(6,360,777)	
Other Post-Employment Benefits	(8,691,980)	
		(33,486,055)
Total net position of governmental activities		$ 26,757,889

The notes to the financial statements are an integral part of this statement.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Year Ended December 31, 2014

	General (001)	Special Revenue (101)	Capital Projects (301)	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 15,586,588	$ 6,898,335		$ 2,524,538	$ 25,009,460
Licenses and Permits	36,735	-			36,735
Charges for Service	14,723,907	5,275,357			19,999,264
Intergovernmental Revenues	1,597,046	1,639			1,598,685
Investment Interest	12,426	1,928	28,543	568	43,465
Miscellaneous	37,514	966			38,480
Total Revenues	31,994,215	12,178,226	28,543	2,525,106	46,726,090
EXPENDITURES					
Current:					
Security of Persons & Property	31,149,949	12,462,118	253,756	295	43,866,117
Debt Service:					
Principal				1,685,000	1,685,000
Interest				756,568	756,568
Bond issuance costs				-	-
Capital Outlay:	902,600	-	617,119	-	1,519,719
Total Expenditures	32,052,549	12,462,118	870,875	2,441,863	47,827,404
Excess (Deficiency) of Revenues over Expenditures	(58,334)	(283,892)	(842,331)	83,243	(1,101,314)
OTHER FINANCING SOURCES (USES)					
General Obligation Bond Issue	-		-		-
Premium on General Obligation Bond			-		-
Sale of Capital Assets	122,298				122,298
Insurance Recovery	7,523	-		-	7,523
Total other financing sources (uses)	129,821	-	-	-	129,821
Net change in fund balances	71,488	(283,892)	(842,331)	83,243	(971,493)
Fund Balance - beginning	17,095,191	2,889,007	20,022,277	12,702	40,019,178
Fund Balance - ending	$ 17,166,679	$ 2,605,115	$ 19,179,946	$ 95,945	$ 39,047,685

The notes to the financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities:

Net change in fund balances		$ (971,493)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	1,519,719	
Depreciation	(939,571)	
Total capital assets		580,148
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.		3,044
The issuance of long-term debt (i.e. bonds) provides current financial resources to govermental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has effect on net position. Also, government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,742,542
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes - regular levy	(141,587)	
Property taxes - EMS levy	(70,876)	
Property Taxes - General Obligation Bonds	41,553	
Fire Benefit Charge	(83,107)	
Accounts receivable - transports	94,620	
Unclaimed Property	(283)	
Total revenues		(159,679)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(201,317)	
Other Post-Employment Benefits (OPEB)	(1,180,662)	
		(1,381,979)
Change in net position of governmental activities		$ (187,417)

The notes to the financial statements are an integral part of this statement.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Statement of Fiduciary Net Position
December 31, 2014

	Employee Health Reimbursement and Flexible Spending Account
ASSETS	
Cash and Cash Equivalents	$ 58,001
Total Assets	58,001
LIABILITIES	
Accounts Payable	58,001
Total Liabilities	58,001
NET POSITION	
Held in Trust for employee Health Reimbursement Account (HRA) and Flexible Spending Account (FSA)	-
Total net position	$ -

The notes to the financial statements are an integral part of this statement.

Pierce County Fire Protection District No. 6
Central Pierce Fire & Rescue
Statement of Changes in Fiduciary Net Position
December 31, 2014

		Employee Health Reimbursement and Flexible Spending Account
ADDITIONS		
Contributions:		
Employer	$	90,000
Plan Members	$	40,929
Total contributions		130,929
DEDUCTIONS		
Benefits		72,928
Refunds of Contributions		
Rolled over to VEBA		
Total deductions		72,928
Change in net posistion		58,001
Net position - beginning		-
Net position - ending	$	58,001

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pierce County Fire Protection District No. 6 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

Pierce County Fire Protection District No. 6 was incorporated in February 1996 as a result of a merger between Fire Districts No. 6, No. 7, and No. 9. The City of Puyallup annexed into the Fire District January 2009 and Pierce County Fire Protection District No. 11 merged into Pierce County Fire Protection District No. 6 in September 2009. Pierce County Fire Protection District No. 14 contracted with Pierce County Fire Protection District No. 6 in December 2012 for fire protection services, with intentions to merge into District No. 6 in 2017. However, Pierce County Fire Protection District No. 14 terminated this contract effective May 2014, therefore the merger will not be pursued in 2017 and District No. 14 is no longer part of our service area.

The District operates under Revised Code of Washington Title 52 and provides 24-hour emergency medical and fire suppression protection to approximately 205,000 citizens in the Parkland, Spanaway, Midland, Summit, Frederickson, and South Hill areas of Pierce County as well as the City of Puyallup.

The District is governed by a Board of Fire Commissioners, consisting of five elected members for a period of six years. The Board of Fire Commissioners has the statutory authority to adopt and modify the budget, levy taxes, control all assets, sign contracts, and authorize borrowing or debt issuances. The Board of Fire Commissioners appoints the Fire Chief to manage the day-to-day operations of the District. The Fire Chief is accountable to the Board of Fire Commissioners for the activities being managed.

The District is the primary, special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the government-wide financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Interfund activity has been removed from these statements. The District only participates in and reports on governmental activities which are normally supported by taxes and intergovernmental revenues. In 2014, the District created a Fiduciary fund to hold employee FSA (flexible spending account), and HRA (health reimbursement account) funds in trust. Fiduciary funds are not included in the Government-Wide financials.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Our policy is to allocate indirect costs to a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. The District considers property taxes as available if they are collected within 30 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes and interest within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

> The General (or current expense) Fund is the District's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. Principal sources of revenues are regular property taxes, charges for services (fire benefit charge), and earnings on investments. Primary expenditures are personnel, materials and services, and capital outlay related to District administrative activities and activities related to fire suppression.
>
> The Emergency Medical Services (EMS) special revenue fund is used to account for the proceeds of specific revenue sources or other earmarked revenue sources that are legally restricted to expenditures for specified purposes. Principal sources of revenue are the EMS levy and transport fees. Interest income on investment activities in this fund are included as revenue in the general fund. Primary expenditures are personnel, materials and services, and capital outlay related to emergency medical services.
>
> The Capital Projects Fund, new in 2013, was established to account for capital facilities and equipment projects. Principal sources of revenue are bond proceeds, with related investment earnings recorded in the capital project fund as well.

Additionally, the District reports one non-major fund:

> The debt service fund typically accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District paid off its debt in 1999, but in 2013 issued unlimited-tax general obligation bonds. Principal sources of revenue in 2013 were interest earnings on investments, but will include excess levy collection in 2014.

As a general rule, the effect of the interfund activity has been eliminated for the government-wide financial statements.

Amounts reported as program revenue include 1) charges to customers for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than program revenues. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed. When unrestricted resources are available for use, it is the District's policy to use committed resources first followed by assigned resources then unassigned resources.

D. Budgetary Information

1) Scope of Budget

Annual appropriated budgets are adopted for the general fund, special revenue fund, and capital projects fund on the modified accrual basis of accounting. Budgets for the debt service fund are not required, but are adopted as well.

Budgets are adopted at the level of the fund and the budgets constitute the legal authority for expenditures at that level.

Appropriations for general and special revenue funds lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year end with the exception of capital expenditures. Accordingly, encumbrances outstanding at year-end must be absorbed within budget appropriations for the next year. Outstanding non-capital encumbrances for governmental funds are not material at year-end.

2) Amending the Budget

The Fire Chief is authorized to transfer budgeted amounts between line items within divisions. Budget adjustments between divisions are informally approved by the Board of Fire Commissioners; 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 formally approved via budget amendment Resolution by the Board of Fire Commissioners.

When the Board of Fire Commissioners determines that it is in the best interest of the District to increase or decrease the appropriation for a particular fund, it may do so by resolution approved by the majority.

The budgetary comparisons contain the original and final budget information as revised during the year. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

E. Assets, Liabilities, Fund Balance, Net Position, or Equities

1) Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. At December 31, 2014, the Pierce County treasurer was holding $ 28,801,684 in short-term investments and surplus cash. This amount is classified on the balance sheet as cash, cash equivalents, and investments in various funds. The interest on these investments is credited to the general fund except for the debt service and capital projects funds.

The amounts reported as cash and cash equivalents do not contain any compensating balances as the District is not currently required to maintain reserves for this liability.

2) Investments - *See Note 3, Deposits and Investments*

3) Receivables

Taxes receivable consists of the regular property tax levy and the EMS tax levy (See *Property Taxes Note No. 4*). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

The District levies one special assessment, the Fire Benefit Charge, and it is recorded when levied. Special assessments receivable consists of current and delinquent assessments. Deferred assessments on the fund financial statements consist of uncollected special assessments that are liens against the property benefited. As of December 31, 2014, $511,457.08 of special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

4) Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are consumed. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

All inventories are valued at cost using the first-in/first-out (FIFO) method.

5) Capital Assets - *See Note 5, Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 for equipment and $100,000 for buildings, and an estimated useful life in excess of 1 year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District during the current fiscal year is $0.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	**Years**
Land	Not depreciated
Buildings	30 - 75 Years
Vehicles and emergency apparatus	15 - 30 Years
Machinery and Equipment	5 - 20 Years
Intangibles	20 Years

6) Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and compensatory time. All vacation, sick, and compensatory time is accrued when incurred in the government-wide financial statements. The liability for compensated absences consists of unpaid leave and the District portion of related payroll taxes.

All vacation pay and compensatory time is 100% payable upon resignation, retirement, or death, while sick leave is payable at 25%.

7) Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

8) Long-Term Debt – *See Note 10, Long-Term Debt*

9) Fund Balance Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Fire Commissioners through a resolution are classified as committed fund balances.

Amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made and authorized by the Fire Chief based on Board direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Implementation of GASB Statement No. 54 is further explained in Note 12, *Other Disclosures*.

10) Minimum Fund Balance

The District's policy is to strive to maintain a minimum unassigned fund balance in its General Fund of 5 percent of subsequent years budgeted expenditures. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts, revenue shortfalls, or minor economic downturns.

F. Other

1) Post-Employment Benefits

Lifetime full medical coverage is provided to full-time firefighters who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. During 2008, the District adopted current financial reporting standards to measure and report the costs of this benefit program (see Note 11 *Other Postemployment Benefit Plans).* Accordingly, a liability for the accumulated unfunded actuarially required contribution is reported in the statement of net position. Actual medical benefit costs are reported as expenditures in the year incurred.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments

As of December 31, 2014, the District had the following investments:

Investment Type	Total Fair Value	Investment Maturities (in months)		
		Less than 1	Less than 2	Less than 3
Pierce County Treasurer – Invested in US Agency Coupon	$ 10,000,000		$10,000,000	
Pierce County Treasurer – Invested in LGIP.	$ 21,554,100	$21,554,100	-	-
Total	$ 31,554,100	$21,554,100	$10,000,000	$ -

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction the District would not be able to recover the value of the investment or collateral securities. Pierce County acts as the Treasurer for the District. The County's investment policy limits deposits in any single financial institution to 20% of the non-trustee portfolio to minimize custodial credit risk.

NOTE 4 – PROPERTY TAXES

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities.

Property Tax Calendar	
January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year’s levy at 100 percent of market value.
October 31	Second installment is due.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as deferred revenue and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The District may levy a regular tax up to $1.00 per $1,000 of assessed valuation for general governmental and fire protection services. The District may also levy an EMS tax up to $.50 per $1,000 of assessed valuation for emergency medical services.

The District’s regular levy for 2014 was $1.00 per $1,000 on an assessed valuation of $15,510,670,118 for a total regular levy of $15,510,670. The District’s EMS levy for 2014 was $.50 per $1,000 on an assessed valuation of $15,510,670,118 for a total EMS levy of $7,755,335.

Due to the November 5, 2013 election approving bond issues totaling $39.8M, the District had a new excess levy for tax collection year 2014 that was $0.16767 per $1,000 on an assessed valuation of $15,333,185,458, with a total levy of $2,571,000.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the levy rates.

NOTE 5 – CAPITAL ASSETS

A. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

Governmental Activities	*Beginning Balance 01/01/14	Increases	Decreases	Ending Balance 12/31/14
Capital assets, not being depreciated:				
Land	$ 1,178,650	$ -	$ (37,000)	$ 1,141,650
Work in progress	-	1,285,703	-	1,285,703
Total capital assets, not being depreciated	1,178,650	1,285,703	(37,000)	2,427,353
Capital assets, being depreciated:				
Buildings	13,662,383	-	-	13,662,383
Machinery and equipment	12,977,514	274,376	(197,651)	13,054,239
Intangible	844,721	7,854	-	852,575
Total capital assets being depreciated	27,484,618	282,230	(197,651)	27,569,197
Less accumulated depreciation for:				
Buildings	(3,234,339)	(225,531)	-	(3,459,870)
Machinery and equipment	(6,135,933)	(667,132)	189,481	(6,613,584)
Intangible	(309,785)	(46,909)	-	(356,694)
Total accumulated depreciation	(9,680,057)	(939,572)	189,481	(10,430,148)
Total capital assets, being depreciated, net	17,804,561	(657,342)	(8,170)	17,139,049
Governmental activities capital assets, net	$18,983,211	$ 628,361	$ (45,170)	$19,566,402

B. Collections Not Capitalized

The District owns a 1935 Kenmore fire engine and considers it to be a historical treasure to the fire service. The engine is kept in a secure location and is displayed once a year during the annual Daffodil Parade. It is adequately maintained with the intent of keeping it for display purposes indefinitely. The District does not intend to replace this asset if it is impaired beyond repair.

NOTE 6 – PENSION PLANS

All full-time employees of the District and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50*, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership
also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During Fiscal Year 2013, the rate was five and one-half percent, compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is two percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60% of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions if hired prior to May 1, 2013:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from five percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a five percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For Fiscal Year 2013, PERS Plan 3 employee contributions were $99.0 million, and plan refunds paid out were $69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is one percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65;
- If they have 30 service credit years, are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of five percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a three and one-half percent multiplier. The benefit would be capped at 75% of the AFC. Judges in PERS Plan 3 could elect a one and six-tenths percent of pay per year of service benefit, capped at 37.5 percent of the AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 2,241 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2014:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to but not yet Receiving Benefits	31,047
Active Plan Members Vested	107,073
Active Plan Members Non-Vested	43,633
Total	**267,081**

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

The methods used to determine PERS contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by PERS 3 member.

Both the District and the employees made the required contributions. The District's required contributions for the years ended December 31 were as follows: (Currently, the District does not have any PERS Plan 1 members.)

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
2014	$ 0	$ 139,845	$ 41,344
2013	$ 0	$ 111,413	$ 36,034
2012	$ 0	$ 94,737	$ 34,638

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus five percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus ten percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus five percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

LEOFF Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of two percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is two percent of the FAS for each year of service. Benefits are reduced to reflect the choice of a survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least ten percent of final average salary and two percent per year of service beyond five years. The first ten percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

Changes to the LEOFF plans resulting from recent legislation can be found on the table immediately following this section on pages 64-65. Besides those included in the table, there were no other material changes in LEOFF benefit provisions for the Fiscal Year ended June 30, 2013.

There are 414 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2014:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to but not yet Receiving Benefits	699
Active Plan Members Vested	14,532
Active Plan Members Non-Vested	2,298
Total	**28,040**

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This

special funding situation is not mandated by the state constitution and could be changed by statute. For Fiscal Year 2013, the state contributed $54.2 million to LEOFF Plan 2.
The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	**LEOFF Plan 2**
Employer*	0.18%**	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for ports and universities is 8.59%.

Both the District and the employees made the required contributions. The District's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	**LEOFF Plan 2**
2014	$ 243	$ 1,422,695
2013	$ 222	$ 1,340,001
2012	$ 208	$ 1,338,407

NOTE 7 – RISK MANAGEMENT

The District purchases property and liability insurance on an annual basis effective October 1st of each year.

Property insurance consists of guaranteed replacement cost, special risk coverage including earthquake and flood on all real and personal property including portable firefighting equipment. There is a $10,000 single occurrence deductible per loss. However, the deductible for earthquake and flood is $1,000 per occurrence.

Physical damage coverage for fleet equipment differs for vehicles classed as either emergency service apparatus or those classed as private passenger type vehicles. Emergency Service Vehicles are covered on an agreed amount basis per the schedule in the insurance contract with a $5,000 deductible. Private Passenger type vehicles are covered on an actual cash value basis with a $2,000 collision and a $2,000 comprehensive deductible. Vehicle liability ($1,000,000 combined single limit) includes liability coverage for all vehicles including non-owned and hired autos.

Portable equipment is covered with a $5,000 deductible and guaranteed replacement cost. Earthquake and flood coverage provides a per occurrence and annual aggregate at each location of $1,000,000.

Employee Dishonesty Coverage is $1,000,000 with no deductible. Liability coverage includes general liability, medical malpractice, personal injury and completed operations. Coverage also provides Directors and Officers liability and Employment Practices Liability coverage. The basic limits for all the above described liability coverage is $1,000,000 per occurrence and $10,000,000 Aggregate. The District purchases a $10,000,000 Occurrence/$20,000,000 Aggregate Umbrella liability policy which covers and adds to the $1,000,000 basic liability coverage above. There are no liability deductibles and all defense costs, if any, are in addition to the policy limits.

Settlements have not exceeded coverages for each of the past three fiscal years.

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/14	Additions	Reductions	Ending Balance 12/31/14	Due Within One Year
OPEB	$ 7,511,318	$ 1,180,662	$ -	$ 8,691,980	$ -
Compensated Absences	6,159,459	682,057	(480,740)	6,360,776	276,238
GO Bond - Voted	18,995,000	-	621,970	18,373,030	2,443,213
Bond Premium	1,119,225	-	(56,195)	1,063,030	
Total Long-Term Liabilities	**$33,785,002**	**$ 1,862,719**	**$(1,158,905)**	**$ 34,488,816**	**$ 2,719,451**

For governmental activities, claims, other postemployment benefit obligations, and compensated absences are generally liquidated by the general fund. GO Bond debt is liquidated from the Debt Fund.

NOTE 9 – CONTINGENCIES AND LITIGATIONS

The District has recorded in its financial statements all material liabilities. There are no situations known to the District that are not yet resolved but where, based on available information, management believes it is probable that the District will have to make payment. In the opinion of management, the District's insurance policies are adequate to pay all known or pending claims.

The District participates in federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. District management believes that such allowances, if any, will be immaterial.

NOTE 10 – LONG-TERM DEBT

The District issues general obligation bonds to finance general government activities including land acquisition, station construction and remodel, and the purchase of life-safety apparatus. Voters approved $39,800,000 in general obligation bonds in November of 2013. The first $18,995,000 was issued on December 9, 2013, with a second issue planned for the balance of the voter authorization in the near future. General obligation bonds have been issued for general government activities and are being repaid from the applicable resources.

General Obligation bonds currently outstanding are as follows:

Issue & Purpose	Date of Issue	Maturity Dates	Interest Rate	Original Amount	Amount of Installment
UTGO 2013 – Capital Improvements	12-9-13	12-1-14 to 12-01-33	3.0% to 4.625%	$18,995,000	Varies

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year End 12/31	Govt'l Activities	
	Principal	Interest
2013	$ 0	$ 0
2014	1,685,000	756,568
2015	1,720,000	723,213
2016	1,795,000	654,412
2017	1,070,000	582,612
2018	550,000	539,812
2019-2023	3,060,000	2,359,063
2024-2028	4,115,000	1,669,600
2029-2033	5,000,000	671,250
Total	$ 18,995,000	$ 7,956,530

At December 31, 2014, the District has $95,945 available in debt service funds to service the general bonded debt.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. LEOFF I Retiree Healthcare Plan

In 2008 the District elected to adopt the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the District to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities.

Instead of recording expense on a "pay-as-you-go" basis, the District recorded a liability of approximately $888,714 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. The other noncurrent liabilities in the accompanying December 31, 2014 statement of net position include this liability. The effect for the current fiscal year was to decrease the District's excess of revenue over expenses for the year ended December 31, 2014 by approximately $7,676.

Plan Description The District Medical Plan for LEOFF I Retirees (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the District. The Health Plan provides medical and pharmacy benefits to eligible retirees. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

Funding Policy There are no required retiree contributions, LEOFF I Retirees are funded solely by the District. Spouses pay 100% of their premiums.

For the fiscal year ended December 31, 2014, the District contributed an estimated $113,616 to the Health Plan. The District's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to prefund benefits.

The basis for the District's annual OPEB cost (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected will cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following displays the components of the District's annual OPEB cost, the estimated amount contributed to the Health Plan, and changes in the net OPEB obligation to the Health Plan for the year ended December 31, 2014:

Components of Other Postemployment Employee Benefit Plan – LEOFF I
At December 31, 2014

Determination of Annual Required Contribution	
Normal cost – Unit Credit Method	$ -
Amortization of UAAL	153,901
Annual Required Contribution (ARC)	$ 153,901

Determination of Net OPEB Obligation	
Interest on prior year Net OPEB Obligation	754
Adjustment to ARC	(33,363)
Annual OPEB Cost	$ 121,292
Contributions made	(113,616)
Increase in Net OPEB Obligation	7,676
Net OPEB Obligation – Beginning of Year	857,226
Net OPEB Obligation – End of Year	$ 864,902

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation follow:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of OPEB cost Contributed	Net OPEB Obligation
12/31/2011	$ 352,304	$ 132,323	37.56%	$ 921,639
12/31/2012	52,551	80,886	153.9%	893,304
12/31/2013	52,462	88,540	153.9%	857,226
12/31/2014	$ 121,292	$ 113,616	93.7%	$ 864,902

The $864,902 net OPEB obligation (as of the most recent valuation date) is included as a liability in the government-wide statement of net position.

As of December 31, 2014, the AAL for benefits was $3,884,103, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $210,150 and the ratio of the UAAL to the covered payroll was 1829%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions
about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required additional information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The basis for projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the District and members of the Health Plan) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and Members of the Health Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2014 valuation used the unit credit actuarial cost method. The actuarial assumptions included a 0.088% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.00% for medical, reduced by decrements to the ultimate rate of 3.8% after 61 years. The excise tax threshold is assumed to stay constant until 2018, at which point it increases by 4.24%. All future increases for the excise tax are 3.24%. All trend rates include a 3.0% inflation assumption. Medicare premiums are assumed to increase 6.50% for the first year and reduce to an ultimate trend of 3.80%. Dental premiums are assumed to increase 5.00% for the first year and reduce to an ultimate trend of 3.50%. Vision premiums are assumed to increase 4.00% and reduce to an ultimate trend of 3.50%. The UAAL is recalculated each year and amortized as a level dollar amount on a closed basis over 26 years.

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ **c)**
12/31/2012	$0	$2,238,690	$2,238,690	0.0%	$200,053	1,119%
12/31/2013	$0	$2,164,262	$2,164,262	0.0%	$200,053	1,082%
12/31/2014	$0	$3,844,103	$3,844,103	0.0%	$210,150	1,829%

B. LEOFF II Retiree Health Care Plan

During the year ended December 31, 2010, the District elected to adopt the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the District to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the District recorded a liability of approximately $7,827,078 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. The other noncurrent liabilities in the accompanying December 31, 2014 statement of net position include this liability. The effect of GASB No. 45 for the current fiscal year was to decrease the District's excess of revenue over expenses for the year ended December 31, 2014 by approximately $1,172,986.

Plan Description The District Medical Plan for LEOFF II Retirees (the Health Plan) is a single-employer defined benefit healthcare plan administered by the District. The Health Plan provides a defined contribution amount (the Base Rate) to eligible retirees. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

Funding Policy Retirees pay the difference between the Base Rate and the current premium. The base rate is reduced by 10% per year for each year worked after age 59. In addition, there are two grandfathered retirees with a flat employer contribution to their medical plan of $600 per month. Those retirees pay the difference between the premium and $600. After Medicare eligibility, retirees pay 100% of the premium. Spouses pay 100% of premiums at all ages.

For the fiscal year ended December 31, 2014, the District contributed an estimated $149,687 to the Health Plan. The District's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to prefund benefits.

The basis for the District's annual OPEB cost (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, we project will cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following displays the components of the District's annual OPEB cost, the estimated amount contributed to the Health Plan, and changes in the net OPEB obligation to the Health Plan for the year ended December 31, 2014:

At December 31, 2014

Determination of Annual Required Contribution	
Normal cost —Unit Credit Method	$ 1,041,210
Amortization of unfunded actuarial accrued liability (UAAL)	534,585
ARC	$ 1,575,795

Determination of net OPEB Obligation	
ARC	$ 1,575,795
Interest on net OPEB obligation	5,856
Adjustment to annual required contribution	(258,978)
Annual OPEB cost (expense)	$ 1,322,673
Contributions made	(149,687)
Increase in net OPEB obligation	$ 1,172,986
Net OPEB obligation — beginning of year	6,654,092
Net OPEB obligation — end of year	$ 7,827,078

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation follow:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of OPEB cost Contributed	Net OPEB Obligation
12/31/2012	$1,362,231	$73,074	5.4%	$5,368,167
12/31/2013	$1,365,875	$79,950	5.9%	$6,654,092
12/31/2014	$1,322,673	$149,687	11.3%	$7,827,078

The funded status of the Health Plan as of December 31, 2014 is as follows:

Actuarial accrued liability (AAL) — Unit Credit	$14,638,985
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	$14,638,985
Funded ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered payroll	$26,889,675
UAAL as a percentage of covered payroll	54.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required additional information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The basis for projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the District and members of the Health Plan) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and Members of the Health Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2014 valuation used the unit credit actuarial cost method. The actuarial assumptions included a 0.088% investment rate of return (net of administrative expenses). The Base Rate is assumed to increase by 7.5% for all years. The UAAL is recalculated each year and amortized as a level dollar amount on a closed basis over 26 years.

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ **c)**
12/31/2012	$0	$13,849,673	$13,849,673	0.0%	$26,169,043	52.9%
12/31/2013	$0	$14,920,384	$14,920,384	0.0%	$26,169,043	57.0%
12/31/2014	$0	$14,638,985	$14,638,985	0.0%	$26,889,675	54.4%

NOTE 12 – SUBSEQUENT EVENTS

On May 15, 2015, the District was awarded a refund from Washington State Department of Revenue (DOR) for prior taxes paid. The District succeeded in challenging the State stating we should not be paying business and occupation (B&O) tax on transports. DOR agreed and awarded the District $265,771 for 2011 through 2014 B & O taxes.

Pierce County Fire Protection District No. 6
General Fund (001)
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Fund Balance, January 1	1,013,534	1,989,121	$ 17,095,191	
Resources (Inflows):				
Taxes	$ 15,500,483	$ 15,500,483	15,586,588	$ 86,105
Licenses & Permits	20,000	20,000	36,735	16,735
Charges for Service	14,513,618	14,690,618	14,723,907	33,289
Intergovernmental Revenues	1,000,000	1,715,000	1,597,046	(117,954)
Investment Interest	14,000	14,000	12,426	(1,574)
Miscellaneous	142,000	42,000	37,514	(4,486)
Amounts Available for Appropriation	32,203,635	33,971,222	31,994,215	12,114
Charges to Appropriations				
Security of Persons & Property	31,203,635	32,279,713	31,149,949	1,129,764
Nondepartmental:				
Capital Outlay	1,000,000	1,691,509	902,600	788,909
Total Charges to Appropriations	$ 32,203,635	$ 33,971,222	$ 32,052,549	$ 1,918,673
Other Sources/Uses:				
Sale of Capital Asset	-	-	122,298	122,298
Insurance Recovery	-	-	7,523	7,523
	-	-	$ 129,821	$ 129,821
Fund Balance, December 31			$ 17,166,679	

Pierce County Fire Protection District No. 6
Special Revenue Fund (101)
Budgetary Comparison Schedule (GAAP Basis)
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Fund Balance, January 1	$ 655,065	$ 755,065	$ 2,889,007	
Resources (Inflows):				
Taxes	6,250,242	6,250,242	6,898,335	$ 648,093
Charges for Service	5,819,562	5,819,562	5,275,357	(544,205)
Intergovernmental Revenues	-	-	1,639	1,639
Investment Intereest	-	-	1,928	
Miscellaneous	-	-	966	966
Amounts Available for Appropriation	12,724,869	12,824,869	12,178,226	106,493
Charges to Appropriations				
Security of Persons & Property	12,724,869	12,824,869	12,462,118	362,751
Nondepartmental:				
Capital Outlay	-	-	-	-
Total Charges to Appropriations	$ 12,724,869	$ 12,824,869	12,462,118	$ 362,751
Fund Balance, December 31			$ 2,605,115	

Schedule of Funding Progress - LEOFF I

LEOFF I Retiree Healthcare Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ **c)**
12/31/2012	$0	$2,238,690	$2,238,690	0.0%	$200,053	1,119%
12/31/2013	$0	$2,164,262	$2,164,262	0.0%	$200,053	1,082%
12/31/2014	$0	$3,884,103	$3,884,103	0.0%	$210,150	1,829%

LEOFF II Retiree Healthcare Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ **c)**
12/31/2012	$0	$13,849,673	$13,849,673	0.0%	$26,169,043	52.9%
12/31/2013	$0	$14,920,384	$14,920,384	0.0%	$26,169,043	57.0%
12/31/2014	$0	$14,638,985	$14,638,985	0.0%	$26,889,675	54.4%

Pierce County Fire Protection District No. 6
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures From Pass-Through Awards	Expenditures From Direct Awards	Expenditures Total	Note
Other Programs							
Department Of Homeland Security (via Pierce County Dept of Emergency Management)	National Urban Search and Rescue (US&R) Response System	97.025	N/A	203,943	-	203,943	
Department Of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2013-FO-03980	-	65,586	65,586	
Department Of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2012-FO-03090	-	52,960	52,960	
			Total CFDA 97.044:	**-**	**118,546**	**118,546**	
Department Of Homeland Security (via Pierce County Dept of Emergency Management)	Homeland Security Grant Program	97.067	N/A	8,906	-	8,906	
Department Of Homeland Security (via City of Seattle)	Homeland Security Grant Program	97.067	N/A	11,416	-	11,416	
Department Of Homeland Security (via West Pierce Fire & Rescue)	Homeland Security Grant Program	97.067	EMW-2012-FR-00166	14,547	-	14,547	
Department Of Homeland Security (via Pierce County Dept of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2012-SS-00115-S01	66,781	-	66,781	
Department Of Homeland Security (via Pierce County Dept of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2011-SS-00030-S01	16,316	-	16,316	
Department Of Homeland Security (via Pierce County Dept of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2013-SS-00025-S01	4,188	-	4,188	
			Total CFDA 97.067:	**122,154**	**-**	**122,154**	
Department Of Homeland Security	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMS-2012-FH-00843	-	1,134,851	1,134,851	
			Total Federal Awards Expended:	**326,097**	**1,253,397**	**1,579,494**	

The accompanying notes are an integral part of this statement.

Pierce County Fire Protection District No 6, WASHINGTON
Central Pierce Fire & Rescue

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the modified accrual basis of accounting for the fund financial statements.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the District's portion, are more than shown.

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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