



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
King County Fire Protection District
No. 45

For the period January 1, 2016 through December 31, 2017

Published December 20, 2018

Report No. 1022786





**Office of the Washington State Auditor
Pat McCarthy**

December 20, 2018

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

Report on Financial Statements

Please find attached our report on King County Fire Protection District No. 45's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**King County Fire Protection District No. 45
January 1, 2016 through December 31, 2017**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of King County Fire Protection District No. 45, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 14, 2018.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

December 14, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

King County Fire Protection District No. 45 January 1, 2016 through December 31, 2017

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of King County Fire Protection District No. 45, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, King County Fire Protection District No. 45 has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of King County Fire Protection District No. 45, for the years ended December 31, 2017 and 2016, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of King County Fire Protection District No. 45, as of December 31, 2017 and 2016, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 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.



Pat McCarthy

State Auditor

Olympia, WA

December 14, 2018

FINANCIAL SECTION

King County Fire Protection District No. 45 January 1, 2016 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
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SUPPLEMENTARY AND OTHER INFORMATION

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Schedule of Liabilities – 2016

King County Fire Protection District No. 45
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 Operations 100450010	201 GO Bond 100458510	301 Support 100453010
Beginning Cash and Investments					
30810	Reserved	3,307,843	1,050,805	35,966	2,221,072
30880	Unreserved	1,272,251	1,272,251	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	3,990,070	3,708,603	281,040	427
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	422,052	343,678	287	78,088
340	Charges for Goods and Services	7,863	7,863	-	-
350	Fines and Penalties	3,500	3,500	-	-
360	Miscellaneous Revenues	63,380	35,209	1,600	26,572
Total Revenues:		4,486,864	4,098,852	282,926	105,086
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	4,066,581	3,820,359	-	246,222
Total Expenditures:		4,066,581	3,820,359	-	246,222
Excess (Deficiency) Revenues over Expenditures:		420,284	278,494	282,927	(141,136)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	986,000	8,000	58,000	920,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	188,263	-	-	188,263
Total Other Increases in Fund Resources:		1,174,263	8,000	58,000	1,108,263
Other Decreases in Fund Resources					
594-595	Capital Expenditures	442,817	-	-	442,817
591-593, 599	Debt Service	372,545	-	372,545	-
597	Transfers-Out	986,000	986,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	9,696	7,349	749	1,598
Total Other Decreases in Fund Resources:		1,811,058	993,349	373,294	444,415
Increase (Decrease) in Cash and Investments:		(216,511)	(706,855)	(32,367)	522,712
Ending Cash and Investments					
5081000	Reserved	3,811,495	1,064,112	3,598	2,743,785
5088000	Unreserved	552,088	552,088	-	-
Total Ending Cash and Investments		4,363,583	1,616,201	3,598	2,743,785

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 45
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		Total for All Funds (Memo Only)	001 Operations 100450010	201 GO Bond 100458510	301 Support 100453010
Beginning Cash and Investments					
30810	Reserved	2,029,944	1,050,265	121,649	858,030
30880	Unreserved	2,193,494	2,193,494	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	3,940,114	3,664,912	273,295	1,906
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	294,822	262,939	1,146	30,737
340	Charges for Goods and Services	8,405	8,405	-	-
350	Fines and Penalties	6,400	6,400	-	-
360	Miscellaneous Revenues	58,903	40,105	1,877	16,921
Total Revenues:		4,308,643	3,982,761	276,318	49,564
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,445,954	3,445,353	-	601
Total Expenditures:		3,445,954	3,445,353	-	601
Excess (Deficiency) Revenues over Expenditures:		862,689	537,408	276,318	48,963
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,455,000	-	-	1,455,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		1,455,000	-	-	1,455,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	139,641	-	-	139,641
591-593, 599	Debt Service	361,375	-	361,375	-
597	Transfers-Out	1,455,000	1,455,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	4,994	3,110	627	1,258
Total Other Decreases in Fund Resources:		1,961,010	1,458,110	362,002	140,899
Increase (Decrease) in Cash and Investments:		356,679	(920,702)	(85,684)	1,363,064
Ending Cash and Investments					
5081000	Reserved	785,966	750,000	35,966	-
5088000	Unreserved	3,794,151	1,573,056	-	2,221,095
Total Ending Cash and Investments		4,580,117	2,323,056	35,966	2,221,095

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 45
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Pension Trust
308	Beginning Cash and Investments	34,893
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	392
510-590	Deductions	1,236
	Net Increase (Decrease) in Cash and Investments:	(844)
508	Ending Cash and Investments	34,049

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 45
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		610 Volunteer Pension
		<hr/>
308	Beginning Cash and Investments	37,027
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	331
380-390	Other Increases and Financing Sources	-
510-570	Expenditures	2,460
580-590	Other Decreases and Financing Uses	4
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	(2,133)
508	Ending Cash and Investments	34,893

The accompanying notes are an integral part of this statement.

King County Fire District 45
Notes to the Financial Statements
For the year ended 12/31/2017

Note 1 - Summary of Significant Accounting Policies

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

King County Fire District 45 reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES:

This fund is for assets held by the District in a trustee capacity on behalf of others specifically for the use of our Volunteer Pension/Annuity Fund.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

C. Budgets

King County Fire District 45 adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	\$ 4,811,023	\$ 4,805,707	\$5,316
Support Fund	\$ 1,426,400	\$ 689,577	\$ 736,823
Debit Services Fund	\$ 372,245.00	\$ 373.294	\$-1,049
Volunteer Fund	\$ 2,500.00	\$ 1,236	\$ 1,263

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the district's legislative body.

The Debt Services fund exceed the budgeted amount by \$1,049 due to excessive Ad Valorem tax refund totaling \$725.49 and a bond administration fee of \$300.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

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

F. Compensated Absences

Vacation leave is accumulated up to the amounts listed in the Districts Non-Represented Employees policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon retirement or separation, employees are compensated for vacation time accrued at the hourly base rate of pay in effect when the time was earned.

Non-Represented Employee Vacation Accrual is earned based on the following schedule of years of continued service with District.

Year 1	40 hours vacation
Year 2	580 hours vacation
Year 6 – 10	120 hours vacation
Year 11 – 15	160 hours vacation
Year 16 – 20	200 hours vacation
Years 20 and above	240 hours vacation

Permanent part time non-represented employees, working 20 or more hours per week, accrue vacation time at one half the rates shown above.

Collective Bargaining members receive paid vacation according to the following schedule:

	Schedule A (day shift)	Schedule B & C (24-hour shift)
Year 1	88 hours	100 hours
Years 2 through 5	132 hours	150 hours
Years 6 through 10	176 hours	200 hours
Years 11 through 15	220 hours	250 hours
Years 16 through 20	264 hours	300 hours
Years 21 and above	308 hours	350 hours

Employment Agreements for Chief, Deputy and Battalion Chiefs determine the vacation leave accrual for each employee. Hours issued per year under current contracts are as follows:

Chief	
Executive Leave	120 hours per year
Vacation Leave	240 hours per year
Deputy Chief	
Executive Leave	120 hours per year
Vacation Leave	240 hours per year
Battalion Chief	
Vacation Leave	200 hours per year

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

Chief Officers and Non-Represented employees receive the following sick leave:

- Full time employees accrue sick leave time at the rate of eight (8) hours per month for each full calendar month of continuous employment. Sick leave for non-exempt employees is deducted as used on an hour-for-hour basis.

- Permanent part time employees, working at least .5 FTE, accrue sick leave time at a percentage of the rate shown above equivalent to his or her FTE percentage.
- Upon DRS LEOFF II or PERS retirement or death, an employee's sick leave bank is cashed out at \$.35 on the dollar. The payment goes to the employee (or his or her estate) as cash or is transferred, if allowable, to the employee's post-retirement health care account (such as a Health Reimbursement Arrangement).

Members of the Collective Bargaining Agreement receive the following sick leave:

- Schedule A (day shift) 10 hours per month
- Schedule B & C (24-hour shift) 12 hours per month
- Upon DRS LEOFF II retirement or death, an employee's sick leave is cashed out at \$.35 on the dollar. The payment is transferred to the employee's post-retirement health care account (such as a Health Reimbursement Arrangement).

Payments are recognized as expenditures when paid. A fund has been created to cover accrued time liability.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Commissioners. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Note 2 – Deposits and Investments

It is the district's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2017 are as follows:

<u>Type of Investment</u>	<u>Districts Own</u> investments	Investments held by King County as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$0	<u>\$4,395,631.68</u>	<u>\$4,395,631.68</u>
Total	\$0	<u>\$4,395,631.68</u>	<u>\$4,395,631.68</u>

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

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

The fire districts regular levy for the year 2017 was \$1.38 per \$1,000 on an assessed valuation of \$2,136,365,987 for a total regular levy of \$2,956,130. The reported levy amount is based on the preliminary levy limit worksheet as provided by King County. The final numbers from King County are: an assessed valuation of \$2,134,731,401 for a total regular levy of \$2,955,648. A voter approved Maintenance and Operations Levy of \$750,000 per year was passed in 2016 for collection in years 2017-2020.

Note 4 – Interfund Loans

The following table displays interfund loan activity during 2017:

Borrowing Fund	Lending Fund	Balance 1/1/2017	New Loans	Repayments	Balance 12/31/2017
GO Bond	Operations	\$	\$ 58,000	\$_____	\$ 58,000
	TOTALS	\$	\$ 58,000	\$_____	\$ 58,000

Note 5 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2017.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$85,000	\$20,645	\$88,400
TOTALS	<u>\$ 85,000</u>	<u>\$ 20,645</u>	<u>\$ 88,400</u>

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the district's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERSII and LEOFFII).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

The district also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2016 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$11,943.59	.001986%	\$94,237
PERS 2/3	\$15,599.36	.002554%	\$88,739
PSERS 2			
LEOFF 1			
LEOFF 2	\$99,426.18	.062939%	(\$873,389)
VFFRPF	\$390.00	.18%	(\$67,605.83)

LEOFF Plan 2

The District also participates in the LEOFF Plan 2. 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.

Note 7 – Risk Management

King County Fire District 45 is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2017, there are 540 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss.

- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Note 8-Volunteer Incentive Plan

King County District 45 established this program in 1991 to encourage and enable volunteer members to stay with the organization as long as possible. The experience and training accumulated over time increases the effectiveness and value of members to the District and the community.

In January of each year, the District deposits funds, into the Volunteer Pension Fund set up at King County Department of Finance. Each June, three hundred dollars (\$300) is credited to the volunteer member’s VIP BENEFIT ACCOUNT within the Volunteer Pension Fund.

The funds deposited into the Benefit Account remain the property of the District until a volunteer member becomes vested in the program according to the VIP Program Vesting Schedule (see table below). As the funds become vested they are transferred from the volunteer member’s VIP Benefit Account into the volunteer member’s Personal Investment Program.

VIP Program Vesting Schedule:

Year in Program	Percentage Vested
1	10%
2	10%
3	10%
4	20%
5	40%
6	60%
7	80%
8	100%

Upon completion of eight continuous years in the program, the volunteer member becomes fully vested and receives one hundred percent (100%) of his/her credit balance in the Benefit Account.

When the volunteer member leave the District, the non-vested balance of credits in the VIP Benefit Account are returned to the District. Members only receive credit for full years of service (January 1 through December 31).

A volunteer member's vested dollars from the VIP Program are invested in an annuity. The annuity is with Northern Life Insurance Company. Current information on the annuity is available through the District.

A volunteer member becomes eligible for participation in the VIP Program when he/she successfully completes his/her probationary period and becomes enrolled at the start of the next year.

Note 9 – Subsequent Event

The District has contracted with an architect and consultants to plan the construction of a new fire station to be built in the northeastern portion of the District. Funding will come from various sources including property taxes and GO Bond. Construction has been delayed. Voters approved the bond during the November 2018 election. The property located on 318th Ave NE in Duvall, was purchased in May 2017 for the price of \$150,212.14.

King County Fire District 45
Notes to Financial Statement
For the year ended 12/31/2016

Note 1 - Summary of Significant Accounting Policies

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

King County Fire District 45 reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund. This fund is comprised of consolidated funds previously categorized as Expense Fund, Maintenance & Operations Levy Fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. The Special Revenue Fund is the Support Fund. This fund is comprised of consolidated funds previously categorized as Capital Expense Reserve Fund, Facility Fund, Vehicle Reserve Fund and Capital Improvement Fund).

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Fiduciary Fund

This fund is for assets held by the District in a trustee capacity on behalf of others specifically for the use of our Volunteer Pension/Annuity Fund.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

C. Budgets

King County Fire District 45 adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$6,015,857	\$4,903,463	\$1,112,394
Support Fund	\$1,460,019	\$144,499	\$1,315,520
GO Bond Fund	\$374,300	\$362,002	\$12,326
Volunteer Pension Fund	\$37,473	\$2,464	\$35,009

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the District's legislative body.

D. Cash and Investments

Beginning balance for 2016 differs from the ending balance of 2015 due to an unknown cause and was discussed with an auditor in November of 2016. The amount was determined to be insignificant.

See Note 3, *Deposits and Investments*.

E. Capital Assets

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

when purchased or constructed.

F. Compensated Absences

Vacation leave is accumulated up to the amounts listed in the Districts Non-Represented Employees policy, the Collective Bargaining Agreement and any personal services contracts/agreements. Upon retirement or separation, employees are be compensated for vacation time accrued at the hourly base rate of pay in effect when the time was earned.

Non-Represented Employee Vacation Accrual is earned based on the following schedule of years of continued service with District.

Year 1	40 hours vacation
Year 2	580 hours vacation
Year 6 – 10	120 hours vacation
Year 11 – 15	160 hours vacation
Year 16 – 20	200 hours vacation
Years 20 and above	240 hours vacation

Permanent part time non-represented employees, working 20 or more hours per week, accrue vacation time at one half the rates shown above.

Collective Bargaining members receive paid vacation according to the following schedule:

	Schedule A (day shift)	Schedule B & C (24 hour shift)
Year 1	88 hours	100 hours
Years 2 through 5	132 hours	150 hours
Years 6 through 10	176 hours	200 hours
Years 11 through 15	220 hours	250 hours
Years 16 through 20	264 hours	300 hours
Years 21 and above	308 hours	350 hours

Employment Agreements for Chief, Deputy and Battalion Chiefs determine the vacation leave accrual for each employee. Hours issued per year under current contracts are as follows:

Chief	
Executive Leave	120 hours per year
Vacation Leave	240 hours per year
Deputy Chief	
Executive Leave	120 hours per year
Vacation Leave	240 hours per year
Battalion Chief	
Vacation Leave	200 hours per year

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

Chief Officers and Non-Represented employees receive the following sick leave:

- Full time employees accrue sick leave time at the rate of eight (8) hours per month for each full calendar month of continuous employment. Sick leave for non-exempt employees is deducted as used on an hour-for-hour basis.
- Permanent part time employees, working at least .5 FTE, accrue sick leave time at a percentage of the rate shown above equivalent to his or her FTE percentage.
- Upon DRS LEOFF II or PERS retirement or death, an employee's sick leave bank is cashed out at \$.35 on the dollar. The payment goes to the employee (or his or her estate) as cash or is transferred, if allowable, to the employee's post-retirement health care account (such as a Health Reimbursement Arrangement).

Members of the Collective Bargaining Agreement receive the following sick leave:

- Schedule A (day shift) 10 hours per month
- Schedule B & C (24-hour shift) 12 hours per month
- Upon DRS LEOFF II retirement or death, an employee's sick leave is cashed out at \$.35 on the dollar. The payment is transferred to the employee's post-retirement health care account (such as a Health Reimbursement Arrangement).

Payments are recognized as expenditures when paid. A fund has been created to cover accrued time liability.

G. Deferred Compensation

The District contributes to two deferred compensation plans, DRS and Nationwide Retirement. This program is voluntary for employees who may select either Washington State Department of Retirement Systems or Nationwide.

- There are currently twenty-one District employees participating.
- The District matches the contribution to each account as set in policy and the collective bargaining agreement.
- Under the Non-Represented Employee policy, the District matches the full time employee's contribution into one of the District's deferred compensation program options (State of Washington and Nationwide) up to \$175.00 per month. Permanent part time employees may participate at a percent rate equivalent to their FTE percentage (for example, a .5 FTE position would be eligible for \$87.50 per month matching contribution).
- Under the Collective Bargaining Agreement, the District matches each members contribution up to \$100 per pay period.

H. Long-Term Debt

See Note 4, *Debt Service Requirements*.

I. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Commissioners. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$784,893.

The reclassification of funds has caused a change to the reserve ending balance. To ensure continuity of State Auditor records, the ending reserve balance of 2015 and beginning reserve balance of 2016 did not change.

Note 2 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

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

The Districts regular levy for the year 2016 was \$1.45 per \$1,000 on an assessed valuation of \$2,002,882,043 for a total regular levy of \$2,905,809. The reported levy amount is based on the preliminary levy limit worksheet as provided by King County. The final number may vary. A voter approved Maintenance and Operations Levy was passed in 2016 for collection in years 2017 through 2020 of \$750,000.

Note 3 – Deposits and Investments

It is the Districts policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the County or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2016 are as follows:

Type of Investment	Districts Own Investments	Investments held by King County as an agent for other local governments, individuals or private organizations	Total
K.C.I.P.		\$4,613,010.21	\$4,613,010.21
Total		\$4,613,010.21	\$4,613,010.21

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the Districts debt transactions for year ended December 31, 2016.

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

	Principal	Interest	Total
2017	\$355,000	\$17,245	\$372,245
2018	\$85,000	\$3,400	\$88,400
Totals	\$440,000	\$20,645	\$460,645

Note 5 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the Districts full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS II, LEOFF II).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

The District also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2016 (the measurement date of the plans), the Districts proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	.001978%	\$106,228
PERS 2/3	.002538%	\$127,786
SERS 2/3		
PSERS 2		
LEOFF 1		
LEOFF 2	.052386%	(\$345,721)
VFFRPF	.29%	(\$49,695)

LEOFF Plan 2

The District also participates in the LEOFF Plan 2. 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.

Note 6 – Risk Pool Membership

King County Fire District 45 is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2016, there are 524 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss.
- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members. The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Note 7-Volunteer Incentive Plan

King County District 45 established this program in 1991 to encourage and enable volunteer members to stay with the organization as long as possible. The experience and training accumulated over time increases the effectiveness and value of members to the District and the community.

In January of each year, the District deposits funds, into the Volunteer Pension Fund set up at King County Department of Finance. Each June, three hundred dollars (\$300) is credited to the volunteer member's VIP BENEFIT ACCOUNT within the Volunteer Pension Fund.

The funds deposited into the Benefit Account remain the property of the District until a volunteer member becomes vested in the program according to the VIP Program Vesting Schedule (see table below). As the funds become vested they are transferred from the volunteer member's VIP Benefit Account into the volunteer member's Personal Investment Program.

VIP Program Vesting Schedule:

Year in Program	Percentage Vested
1	10%
2	10%
3	10%
4	20%
5	40%
6	60%
7	80%
8	100%

Upon completion of eight continuous years in the program, the volunteer member becomes fully vested and receives one hundred percent (100%) of his/her credit balance in the Benefit Account.

When the volunteer member leave the District, the non-vested balance of credits in the VIP Benefit Account are returned to the District. Members only receive credit for full years of service (January 1 through December 31).

A volunteer member's vested dollars from the VIP Program are invested in an annuity. The annuity is with Northern Life Insurance Company. Current information on the annuity is available through the District.

A volunteer member becomes eligible for participation in the VIP Program when he/she successfully completes his/her probationary period and becomes enrolled at the start of the next year.

Note 8 – Subsequent Event

The District has contracted with an architect and consultants to plan the construction of a new fire station to be built in the northeastern portion of the District. Funding will come from various sources including property taxes and GO Bond. Construction is anticipated to begin in early 2018. Negotiations, site work and King County permits are in the works to purchase a piece of property on 318th Ave NE in Duvall, with closing scheduled for June 2017. It is estimated that the station will be operational in mid 2018.

On May 5, 2017, King County Fire District 45 sold the property, located at the intersection Kelly Rd and Cherry Valley Road NE in Duvall, WA back to the Washington State Department of Natural Resources for the original amount paid minus fees after it was determined to not be a suitable building site for a new fire station.

King County Fire Protection District No. 45
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2005 Bond	12/31/2018	440,000	-	355,000	85,000
	Total General Obligation Debt/Liabilities:		440,000	-	355,000	85,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability	6/30/2017	234,014	-	51,037	182,977
259.12	Compensated Absences		300,805	13,307	-	314,112
	Total Revenue and Other (non G.O.) Debt/Liabilities:		534,819	13,307	51,037	497,089
	Total Liabilities:		974,819	13,307	406,037	582,089

King County Fire Protection District No. 45
Schedule of Liabilities
For the Year Ended December 31, 2016

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2005 Bond	12/31/2018	770,000	-	330,000	440,000
Total General Obligation Debt/Liabilities:			770,000	-	330,000	440,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability	6/30/2016	195,783	38,231	-	234,014
259.12	Compensated Absences		292,614	8,193	2	300,805
Total Revenue and Other (non G.O.) Debt/Liabilities:			488,397	46,424	2	534,819
Total Liabilities:			1,258,397	46,424	330,002	974,819

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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov