

**LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS
PLAN 2 RETIREMENT BOARD**

AUDITED SCHEDULE OF EXPENDITURES

**For the Year Ended
June 30, 2009**

DAVIS ACCOUNTING TAX & AUDITING SERVICES
5934 Hansen St. SE
Olympia, Wa. 98513
(360) 493-0595 or (360) 556-7400

INDEPENDENT AUDITOR'S REPORT

To the Board
Law Enforcement Officers & Fire Fighters Plan 2 Retirement Board
PO Box 40918
Olympia, WA 98504-0918

I have audited the accompanying schedule of expenditures of Law Enforcement Officers & Fire Fighters Plan 2 Retirement Board for the year ended June 30, 2009. This schedule is the responsibility of the organization's management. My responsibility is to express an opinion on this schedule based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the schedule of expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule of expenditures presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the schedule of expenditures referred to above, present fairly, in all material respects, the expenditures of Law Enforcement Officers & Fire Fighters Plan 2 Retirement Board for the year ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the schedule of expenditures. The supplementary information presented on pages 5 and 6 is presented for purposes of additional analysis and is not a required part of the schedule of expenditures. Such information has been subjected to the auditing procedures applied in the schedule of expenditures and, in my opinion, is fairly stated in all material respects in relation to the schedule of expenditures taken as a whole.

DAVIS ACCOUNTING TAX & AUDITING SERVICES
November 11, 2009

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD
NOTES TO SCHEDULE OF EXPENDITURES
For the Year Ended June 30, 2009

Note 1 - Summary of Significant Accounting Policies

The Law Enforcement Officers & Fire Fighters Plan 2 Retirement Board (the Board) was created through a taxpayer initiative approved by voters in November 2002. The schedule of expenditures of the Board has been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity, Background & Activities:

An eleven-member board, appointed by the Governor of the State of Washington, governs the Board. Board members are appointed from the following groups of individuals:

- Three must be active law enforcement officers who participate in the plan (Beginning with the first vacancy before or after January 1, 2007, one of the members must be a retired law enforcement officer who is a member of the plan).
- Three must be active fire fighters who participate in the plan (Beginning with the first vacancy before or after January 1, 2007, one of the members must be a retired fire fighter who is a member of the plan).
- Three must be representatives of employers
- One must be a member of the State House of Representatives
- One must be a member of the State Senate

The Board is empowered to oversee the Law Enforcement Officers & Fire Fighters Plan 2 Retirement system (LEOFF 2). They do not maintain custody or manage the investments of the plan. The custody and investment management function is the responsibility of the Washington State Investment Board (SIB). The Board is required to 1) adopt actuarial tables, assumptions and cost methodologies; 2) adopt contribution rates for LEOFF Plan 2; as well as other related duties. Some specific duties relating to the expenditures of the Board are;

Actuary:

- Consult with an enrolled actuary retained by the board (The state actuary shall provide assistance when the board requests.)
- The actuary used must provide the State Actuary with copies of its valuations, assumptions and cost methodology for a reasonableness review.
- If the two actuaries do not agree, a third actuary must be appointed by the board and state actuary.

Professionals & technical advisors:

- Retain Professionals & technical advisors necessary to accomplish the board's duties.

SUPPLEMENTARY INFORMATION

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD
SCHEDULE OF BIENNIUM EXPENDITURES - BUDGET TO ACTUAL
For the Year Ended June 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Salaries & wages	\$ 942,504	\$ 967,612	\$ (25,108)
Employee benefits & payroll taxes	236,103	241,788	(5,685)
Personal Service Contracts	203,800	33,801	169,999
Goods & services - supplies & materials	5,044	3,271	1,773
Goods & services - communications	36,560	28,654	7,906
Goods & services - utilities	8,400	9,076	(676)
Goods & services - rentals & leases	79,920	80,919	(999)
Goods & services - repairs & maintenance	0	243	(243)
Goods & Services - printing & reproduction	20,488	20,569	(81)
Goods & services - employee development	77,535	26,381	51,154
Goods & services - furniture & equipment leases	12,240	13,818	(1,578)
Goods & services - subscriptions	672	775	(103)
Goods & services - facilities & related services	8,302	8,685	(383)
Goods & services - data processing	7,448	6,043	1,405
Goods & services - Attorney General's Office	48,000	13,782	34,218
Goods & services - personnel services	6,390	392	5,998
Goods & services - insurance	2,060	25	2,035
Goods & services - other purchased services	251,252	249,165	2,087
Other goods & services	7,114	6,137	977
Travel, lodging & subsistence	48,768	58,531	(9,763)
Non-capitalizable equipment and software, under \$5,000	17,400	23,388	(5,988)
 Total Expenditures	 <u>\$ 2,020,000</u>	 <u>\$ 1,793,055</u>	 <u>\$ 226,945</u>

The accompanying notes are an integral part of this schedule of expenditures.