



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
East County Fire and Rescue

For the period January 1, 2018 through December 31, 2019

Published May 26, 2020

Report No. 1026300





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

May 26, 2020

Board of Commissioners
East County Fire and Rescue
Camas, Washington

Report on Financial Statements

Please find attached our report on East County Fire and Rescue's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

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.....	4
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	25

**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**

**East County Fire and Rescue
January 1, 2018 through December 31, 2019**

Board of Commissioners
East County Fire and Rescue
Camas, 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 East County Fire and Rescue, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 19, 2020.

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 state law 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.

As discussed in Note 5 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District.

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

May 19, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

East County Fire and Rescue January 1, 2018 through December 31, 2019

Board of Commissioners
East County Fire and Rescue
Camas, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of East County Fire and Rescue, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

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 state law 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, East County Fire and Rescue has prepared these financial statements to meet the financial reporting requirements of state law 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 cash and investments of East County Fire and Rescue, and its changes in cash and investments, for the years ended December 31, 2019 and 2018, 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 East County Fire and Rescue, as of December 31, 2019 and 2018, or the changes in financial position or cash flows thereof 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.

Matters of Emphasis

As discussed in Note 5 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District. Our opinion is not modified with respect to this matter.

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 May 19, 2020 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy

State Auditor

Olympia, WA

May 19, 2020

FINANCIAL SECTION

East County Fire and Rescue January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to Financial Statements – 2019 and 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019
Schedule of Liabilities – 2018

East County Fire and Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		<u>Total for All Funds (Memo Only)</u>	<u>001 General Fund</u>	<u>101 EMS Fund</u>	<u>201 General Obligation Bond Fund</u>
Beginning Cash and Investments					
30810	Reserved	504,796	504,796	-	-
30880	Unreserved	1,423,127	1,423,127	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,592,232	2,129,557	462,674	1
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	58,405	58,405	-	-
340	Charges for Goods and Services	3,450	3,450	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	56,573	56,573	-	-
Total Revenues:		<u>2,710,660</u>	<u>2,247,985</u>	<u>462,674</u>	<u>1</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	2,369,654	1,906,980	462,674	-
Total Expenditures:		<u>2,369,654</u>	<u>1,906,980</u>	<u>462,674</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		341,006	341,005	-	1
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	255,816	-	-	255,816
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>255,816</u>	<u>-</u>	<u>-</u>	<u>255,816</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,214	3,214	-	-
591-593, 599	Debt Service	255,818	-	-	255,818
597	Transfers-Out	255,816	255,816	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	494	494	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>515,342</u>	<u>259,524</u>	<u>-</u>	<u>255,818</u>
Increase (Decrease) in Cash and Investments:		81,480	81,481	-	(1)
Ending Cash and Investments					
5081000	Reserved	524,136	524,136	-	-
5088000	Unreserved	1,485,267	1,485,267	-	-
Total Ending Cash and Investments		2,009,403	2,009,403	-	-

East County Fire and Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		<u>Total for All Funds (Memo Only)</u>	<u>001 General Fund</u>	<u>101 EMS Fund</u>	<u>201 General Obligation Bond Fund</u>
Beginning Cash and Investments					
30810	Reserved	684,094	684,094	-	-
30880	Unreserved	1,469,706	1,469,706	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,546,293	2,091,506	454,786	1
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	38,734	38,734	-	-
340	Charges for Goods and Services	10,358	10,358	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	40,071	40,071	-	-
Total Revenues:		<u>2,635,456</u>	<u>2,180,669</u>	<u>454,786</u>	<u>1</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	2,388,517	1,933,731	454,786	-
Total Expenditures:		<u>2,388,517</u>	<u>1,933,731</u>	<u>454,786</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		246,939	246,938	0	1
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	249,886	-	-	249,886
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	4,492	4,492	-	-
Total Other Increases in Fund Resources:		<u>254,378</u>	<u>4,492</u>	<u>-</u>	<u>249,886</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	227,447	227,447	-	-
591-593, 599	Debt Service	249,888	-	-	249,888
597	Transfers-Out	249,886	249,886	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	(26)	(26)	-	-
Total Other Decreases in Fund Resources:		<u>727,194</u>	<u>477,307</u>	<u>-</u>	<u>249,888</u>
Increase (Decrease) in Cash and Investments:		(225,878)	(225,877)	0	(1)
Ending Cash and Investments					
5081000	Reserved	504,796	504,796	-	-
5088000	Unreserved	1,423,127	1,423,127	-	0
Total Ending Cash and Investments		<u>1,927,924</u>	<u>1,927,924</u>	<u>-</u>	<u>0</u>

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

Note 1 - Summary of Significant Accounting Policies

East County Fire and Rescue was incorporated on May 26, 2006, as the result of a successful merger between Clark County Fire District #1 and Clark County Fire District #9, and operates under the laws of the state of Washington applicable to a Fire Department. East County Fire and Rescue is a special purpose local government and provides fire protection and emergency response services.

The district 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund 001

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 101

This is the primary Fund used for accounting of Emergency Medical Services (EMS) Levy funds that are "passed through" East County Fire and Rescue to City of Camas via their EMS fund 6620. The collection and transfer of these funds is done in accordance with a service agreement for the Emergency Medical Transport Services Program. Participants in this agreement include East County Fire and Rescue, City of Camas, and the City of Washougal.

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

Debt Service Funds 201

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.

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. Cash and Investments

See Note 4 - Deposits and Investments.

D. 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.

E. Compensated Absences

Vacation leave may be accumulated up to one and one half times the annual accrual for LEOFF personnel, up to two times the annual accrual for all other full time personnel, and is payable upon separation or retirement. Sick leave may be accumulated up to 1352 hours for LEOFF personnel, 1200 hours for OPEIU personnel, 1040 for the Fire Chief, and may accrue indefinitely but only carry over 40 hours to the next year for all other personnel. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3 - Debt Service Requirements.

G. 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 resolution of the Board of Commissioners. When expenditures that meet restrictions are incurred, East County Fire and Rescue intends to use reserved resources first before using unreserved amounts.

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

Reservations of Ending Cash and Investments consist of the following:

2018

Fund Name	Amount Reserved	Reason for Restriction
6291-1	\$290,955	Apparatus Replacement
6291-2	\$42,677	Capital Facility Repair/Maintenance
6291-3	\$43,838	Leave Accrual Payout
6291-4	\$125,236	Major Equipment Purchases
6291-5	\$2,091	Copier Replacement

2019

Fund Name	Amount Reserved	Reason for Restriction
6291-1	\$305,084	Apparatus Replacement
6291-2	\$43,717	Capital Facility Repair/Maintenance
6291-3	\$44,906	Leave Accrual Payout
6291-4	\$128,288	Major Equipment Purchases
6291-5	\$2,142	Copier Replacement

Note 2 – Budget Compliance

East County Fire and Rescue adopts annual appropriated budgets for the General Fund (6291), the Debt Service fund (6248), and the EMS Levy fund. 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 follows:

2018

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund	2560067	2411037.87	149029.13
101 - EMS Fund	450607.05	454785.94	-4178.89
201 - General Obligation Bond Fund	249887.5	249887.5	

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

2019

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund	2,347,653	2,166,506	181,147
101 - EMS Fund	470,000	462,674	7,326
201 - General Obligation Bond Fund	255,818	255,818	

Budgeted amounts are authorized to be transferred between object classes within departments; 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 East County Fire and Rescue’s legislative body.

The 2018 general fund final appropriated amount excludes \$37,200 of interfund transfers.

The 2019 general fund final appropriated amount excludes \$7,000 of interfund transfers.

Note 3 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of East County Fire and Rescue and summarizes East County Fire and Rescue’s debt transactions for year ended December 31, 2018

The 2018 debt service requirements for general obligation bonds are as follows:

Year	Principal	Interest	Total Debt Service
2019	200,000	55,818	255,818
2020	200,000	50,778	250,778
2021	210,000	45,718	255,718
2022	220,000	40,303	260,303
2023	180,000	32,040	212,040
2024-2028	585,000	74,760	659,760
<i>Totals</i>	\$ 1,595,000	\$ 299,415	\$ 1,894,415

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of East County Fire and Rescue and summarizes East County Fire and Rescue’s debt transactions for year ended December 31, 2019.

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

The 2019 debt service requirements for general obligation bonds are as follows:

Year	Principal	Interest	Total Debt Service
2020	200,000	50,778	250,778
2021	210,000	45,718	255,718
2022	220,000	40,303	260,303
2023	180,000	32,040	212,040
2024	190,000	25,740	215,740
2025-2027	395,000	49,020	444,020
<i>Totals</i>	\$ 1,395,000	\$ 243,598	\$ 1,638,598

Note 4 – Deposits and Investments

East County Fire and Rescue cash and investments are held by the Clark County Treasurer, in the Clark County Investment Pool, as its agent in the District’s name.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation or the Washington Public Deposit Protection Commission, where appropriate. All of the investments, within the Clark County investment pool, including the portion that is held at the State LGIP, is either insured, guaranteed (implied or expressly), or collateralized. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW.

The District’s interest in the investment pool on December 31, 2018 was \$1,928,837.06, which is stated at fair market value. Investments in the County’s pool are not subject to categorization as specific instruments cannot be distinguished between those participating in the pool.

The District’s interest in the investment pool on December 31, 2019 was \$2,009,403.44, which is stated at fair market value. Investments in the County’s pool are not subject to categorization as specific instruments cannot be distinguished between those participating in the pool.

Note 5 - Other Disclosures

2018 Disclosures –

East County Fire and Rescue contracted with Liz Loomis Public Affairs for consultant services in 2018. The consultant assisted the District with putting a Fire Levy Lid Lift on the November 2018 ballot.

East County Fire and Rescue continued the agreement with the City of Camas for Fire Chief Administration and Management Services. The total cost of this agreement in 2018 was \$37,080.00.

A new Accounting Assistant, Iliana Ortega, was hired in February 2018 after the departure of the previous Accounting Assistant in December 2017. Iliana left East County Fire and Rescue in December 2018. She was responsible for Accounts Payable and served as Secretary to the Board of Commissioners.

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

In December, 2016 the District agreed to purchase a new Rosenbauer fire engine utilizing a NJPA awarded contract. A down payment of \$245,876.04 was made in September, 2017. The remaining balance of \$224,837 was paid upon delivery in March 2018. Funds reserved for apparatus replacement were used for this transaction.

Repaid \$51,481 to the Clark County Treasurer for Washington Department of Natural Resources Timber Sales funds that were overpaid to ECFR from 2007 through 2018. Overpayment was due to incorrect distribution of revenue from DNR trust land.

2019 Disclosures -

Per RCW 43.09.240 the Clark County Treasurer granted an ongoing exception to daily deposits on December 5, 2016. The District is authorized to deposit cash weekly.

The Clark County Treasurer transitioned from Oracle to Workday in 2019. As a result there was a freeze or limitations on all non-payroll transactions. From February 7 to March 4. The March Financial report included February and March transactions.

A new Accounting Assistant, Pamela Jensen, was hired in February 2019 after the departure of the previous Accounting Assistant in December 2018. She is responsible for Accounts Payable and serves as Secretary to the Board of Commissioners.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

East County Fire and Rescue has not been impacted financially at this point. However, there is a possibility that the District may see reduced assessed values which will reduce future property tax revenue. There is also a possibility of increased labor costs if crew members are quarantined due to exposure or illness. Management has placed a temporary freeze on non-essential spending to address the possibility of reduced revenue.

Employee exposure to Covid-19, or actual illness, could impact the District's ability to operate. To prevent exposure the District requires response personnel to wear proper PPE for all EMS responses. The Clark County Medical Program Director has set PPE requirements for EMS response. In addition, response personnel practice social distancing on other incident types.

The District's Board of Commissioners has changed the format of their Board meetings to a virtual platform to eliminate the need for their physical presence at the fire stations. The District has also restricted public access to the buildings. Staff members use a bleach solution to sanitize the stations on a daily basis. All staff members practice social distancing in the stations.

These measures will be in place until there is no longer a threat of Covid-19 or until directed by the Governor and Medical Program Director. The full extent of the financial impact on the District is unknown at this time.

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all East County Fire and Rescue’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 LEOFF II, PERS II, and PERS III.

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.

East County Fire and Rescue 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, 2018, East County’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contributions	Plan Liability / Asset	Allocation Percentage	Liability	Asset
PERS 1 UAAL	11781.32	4,466,034,000	0.001763%	78,736	
PERS 2/3	17462.05	1,707,411,000	0.002263%	38,639	
LEOFF 2	43351.86	(2,030,218,000)	0.025000%		(507,555)
VFFRPF	330	(52,844,000.00)	0.160000%		(85,107)
			<i>Totals</i>	\$ 117,375	\$ (592,662)

At June 30, 2019, the district’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

East County Fire & Rescue
Notes to the Financial Statements
For the years ended December 31, 2018 and December 31, 2019

Plan Type	Employer Contributions	Plan Liability / Asset	Allocation Percentage	NPL	NPA
PERS 1 UAAL	12396.11	3,845,355,000	0.00172900%	66,486	
PERS 2/3	18235.93	971,340,000	0.00223300%	21,690	
LEOFF 2	44572.22	(2,316,693,000)	0.02417500%		(560,061)
VFFRPF	270	(67,993,000)	0.140000%		(92,452)
			<i>Totals</i>	\$ 88,176	\$ (652,512)

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 - 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 district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

East County Fire and Rescue's General Fund regular levy for the year 2018 was \$1.2879398895 per \$1,000 on an assessed valuation of \$ 1,594,156,363 for a total regular levy of \$2,053,177.57.

The district's regular levy for the year 2019 was \$1.632818147 per \$1,000 on an assessed valuation of \$1,810,490,651 for a total regular levy of \$2,106,110.85.

East County Fire and Rescue also levied an amount for Emergency Transport Services. When collected, these funds are automatically transferred to City of Camas (Fund 6620) and used to defray EMS costs incurred by the District. The collection and transfer of these funds is done in accordance with a service agreement for the Emergency Medical Transport Services Program. Participants in this agreement include East County Fire and Rescue, City of Camas, and the City of Washougal.

East County Fire and Rescue's EMS levy for the year 2018 was \$0.2823289487 per \$1,000 on an assessed valuation of \$ 1,594,156,363 for a total EMS levy of \$450,076.49.

East County Fire and Rescue's EMS levy for the year 2019 was \$0.2549236086 per \$1,000 on an assessed valuation of \$ 1,810,490,651 for a total EMS levy of \$461,536.81

Note 8 – Risk Management

East County Fire and Rescue is a member of Clark County Fire Rescue Risk Management Group, Inc. MacIlvennie Associates, Inc. is the insurer for the Clark County Fire and Rescue Management Group. This is a joint venture with Clark County FPD #6, Clark County Fire and Rescue, Cowlitz 2 Fire and Rescue, Cowlitz County FPD #6, and the Fairgrounds Fire Facility Board. Insurance

East County Fire & Rescue
Notes to the Financial Statements

For the years ended December 31, 2018 and December 31, 2019

coverage within the risk management pool includes auto, buildings, personal property, and general liability. Deductibles for coverage within the risk pool are as follows: Buildings and personal property \$500, loss due to flood \$1000, earthquake 2%, automobile \$250, portable equipment \$100. Financial statements for the Clark County Fire Rescue Risk Management Group can be obtained from Clark County Fire District #6, in Vancouver, Washington.

**East County Fire and Rescue
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	G.O. Bond 2007A	12/31/2027	430,000	-	40,000	390,000
251.11	G.O. Bond 2012	12/31/2027	1,165,000	-	160,000	1,005,000
	Total General Obligation Debt/Liabilities:		1,595,000	-	200,000	1,395,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		66,156	14,568	-	80,724
264.30	Pension Liabilities		117,375	-	29,199	88,176
	Total Revenue and Other (non G.O.) Debt/Liabilities:		183,531	14,568	29,199	168,900
	Total Liabilities:		1,778,531	14,568	229,199	1,563,900

**East County Fire and Rescue
Schedule of Liabilities
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	G.O. Bond 2007A	12/31/2027	470,000	-	40,000	430,000
251.11	G.O. Bond 2012	12/31/2027	1,315,000	-	150,000	1,165,000
Total General Obligation Debt/Liabilities:			1,785,000	-	190,000	1,595,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		57,362	8,794	-	66,156
264.30	Pension Liabilities		162,879	-	45,504	117,375
Total Revenue and Other (non G.O.) Debt/Liabilities:			220,241	8,794	45,504	183,531
Total Liabilities:			2,005,241	8,794	235,504	1,778,531

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	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov