

**Washington State Auditor's Office**  
**Financial Statements Audit Report**

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**East County Fire and Rescue**  
**Clark County**

Audit Period  
January 1, 2010 through December 31, 2012

Report No. 1011046

Issue Date  
December 30, 2013



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

December 30, 2013

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,

**TROY KELLEY  
STATE AUDITOR**

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Clark County  
January 1, 2010 through December 31, 2012**

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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***

**East County Fire and Rescue  
Clark County  
January 1, 2010 through December 31, 2012**

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, Clark County, Washington, as of and for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 20, 2013.

***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 opinion 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.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated December 20, 2013.

## **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.



**TROY KELLEY**  
STATE AUDITOR

December 20, 2013

# **Independent Auditor's Report on Financial Statements**

## **East County Fire and Rescue Clark County January 1, 2010 through December 31, 2012**

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, Clark County, Washington, for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 6.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of East County Fire and Rescue, for the years ended December 31, 2012, 2011 and 2010, on the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 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.

### ***Purpose of this Report***

The report is intended for the information and use of the management and the Board of Commissioners of the District. 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.

## ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 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 "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" in the middle.

**TROY KELLEY**  
STATE AUDITOR

December 20, 2013

# **Financial Section**

**East County Fire and Rescue  
Clark County  
January 1, 2010 through December 31, 2012**

## ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2012, 2011 and 2010  
Notes to Financial Statements – 2012, 2011 and 2010

## ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Liabilities – 2012, 2011 and 2010

MCAG NO. 1060  
 East County Fire & Rescue  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
 For the Year Ended December 31, 2012

BARS CODE	Description	Total for All Funds		General Fund - 001		Debt Service		Capital Project - 301		EMS Levy	
		Actual Amount	Amount	Actual Amount	Amount	Actual Amount	Amount	Actual Amount	Amount	Actual Amount	Amount
308.10	Beginning Fund Bal-Reserved	\$334,329	\$332,631			\$1,698		\$0			
308.80	Beginning Fund Bal-Unreserved	\$695,066	\$695,066			\$1,698					
	Revenues and Other Sources										
310	Taxes	\$2,044,056	1,660,279							383,777	
320	Licenses and Permits	\$0									
330	Intergovernmental	\$477,858	477,858								
340	Charges for Goods and Services	\$119,836	119,836								
350	Fines and Forfeits	\$0									
360	Miscellaneous	\$25,354	24,299					1,055			
	Total Revenues and Other Sources	\$2,667,104	2,282,272			0		1,055		383,777	
	<b>Total Resources</b>	<b>\$3,696,499</b>	<b>3,309,969</b>			<b>1,698</b>		<b>1,055</b>		<b>383,777</b>	
	Expenditures and Other Uses										
510	General Government	12,318	12,318								
520	Public Safety	1,840,626	1,840,626								
	Total Operating Expenditures	1,852,944	1,852,944								
370.380,395,398	Other Financing Sources	126,450	126,450								
391-393	Debt Proceeds	3,258,898	1,900,217					1,358,681			
397	Transfers In	739,365	739,365			739,365					
	Total Nonoperating Revenues	4,124,713	2,026,667			739,365		1,358,681			
580, 596-599	Other Financing Uses	1,388,676	1,388,676							383,777	
591-593	Debt Service	760,755	21,390			739,365					
594-595	Capital Expenditures	\$418,539	18,781					15,981			
597	Transfers Out	739,365	739,365								
	Total Expenditures	3,307,335	2,168,212			739,365		15,981		383,777	
	Excess (Deficit) of Resources Over Uses	1,058,548	1,056,090			1,698		1,343,755		0	
<b>508.10</b>	<b>End Fund Bal-Reserved</b>	<b>1,720,575</b>	<b>375,122</b>			<b>1,698</b>		<b>1,343,755</b>		<b>0</b>	
<b>508.80</b>	<b>End Fund Bal-Unreserved</b>	<b>945,011</b>	<b>945,011</b>								

The Accompanying Notes Are An Integral Part Of This Statement.

\$1 to \$2 adjustments are due to rounding of numbers to whole numbers as required by State Auditor's Office

MCAG NO. 1060  
 East County Fire and Rescue  
 FUND RESOURCES AND USES  
 ARISING FROM CASH TRANSACTIONS  
 For the Year Ended December 31, 2011

BARS CODE		Total for All Funds		001 General Fund	201 Debt Service	301 Capital Project	101 EMS Levy
<b>Beginning Cash and Investments</b>							
308.10	Reserved	274,593.00		272,135.00	1,698.00	760.00	
308.80	Unreserved	783,956.00		783,956.00			
	Prior Period Adjustments (388.80 and 588.80)	0					
<b>Revenues and Other Sources</b>							
310	Taxes	1,692,291		1,692,291			
320	Licenses and Permits	0					
330	Intergovernmental	155,464		155,464			
340	Charges for Goods and Services	8,766		8,766			
350	Fines and Penalties	0					
360	Miscellaneous	11,722		11,722			
390	Other Financing Sources	703,057		19,609	291,617		391,831
<b>Total Revenues and Other Financing Sources</b>		<b>2,571,300</b>		<b>1,887,852</b>	<b>291,617</b>	<b>0</b>	<b>391,831</b>
<b>Total Resources</b>		<b>3,629,849</b>		<b>2,943,943</b>	<b>293,315</b>	<b>760</b>	<b>391,831</b>
<b>Operating Expenditures:</b>							
510	General Government	12,534		12,534			
520	Public Safety	1,536,082		1,536,082			
<b>Total Operating Expenditures</b>		<b>1,548,616</b>		<b>1,548,616</b>	<b>0</b>	<b>0</b>	<b>0</b>
591-593	Debt Service	291,617			291,617		
594	Capital Expenditures	85,510		85,510			
598	Other Expenditures	0					
<b>Total Expenditures</b>		<b>1,925,743</b>		<b>1,634,126</b>	<b>291,617</b>	<b>0</b>	<b>0</b>
596-599	Other Financing Uses	684,208		291,617		760	391,831
<b>Total Expenditures and Other Financing Uses</b>		<b>2,609,951</b>		<b>1,925,743</b>	<b>291,617</b>	<b>760</b>	<b>391,831</b>
<b>Excess (Deficit) of Resources Over Uses</b>		<b>1,019,898</b>		<b>1,018,200</b>	<b>1,698</b>	<b>(0)</b>	<b>0</b>
380	Nonrevenues (Except 384)	0					
580	Nonexpenditures (Except 584)	0					
<b>Ending Cash and Investments:</b>							
508.10	Reserved	336,027		334,329	1,698	0	0
508.80	Unreserved	695,066		695,066	0	0	0

The Accompanying Notes Are An Integral Part Of This Statement.

East County Fire & Rescue

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE	Description	Total for All Funds	General Fund - 001	Debt Service Fund - 201	Capital Project - 301	EMS Levy Fund 101
		Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount
308.10	Beginning Net Cash and Investments	\$933,100	\$926,743	\$1,698	\$4,659	
308.80	Beginning Net Cash and Investments - Reserved	\$270,157	\$270,157			
Revenues and Other Sources						
310	Taxes	\$2,271,614	1,847,298			424,316
320	Licenses and Permits	\$0				
330	Intergovernmental	\$179,887	179,887			
340	Charges for Goods and Services	\$13,024	13,024			
350	Fines and Forfeits	\$0				
360	Miscellaneous	\$16,024	15,996		28	
390	Other Financing Sources	\$15,697	15,697			
390	Other Financing Sources	\$0				
390	Transfers	\$330,131		318,131	12,000	
Total Revenues and Other Sources		\$2,826,377	2,071,902	318,131	12,028	424,316
<b>Total Resources</b>		<b>\$4,029,634</b>	<b>3,268,802</b>	<b>319,829</b>	<b>16,687</b>	<b>424,316</b>
Expenditures and Other Uses						
510	General Government	19,931	19,931			
520	Public Safety	1,678,128	1,678,128			
Total Operating Expenditures		1,698,059	1,698,059			
591-593	Debt Service	318,131		318,131		
594	Capital Expenditures	624,765	184,522		15,927	
598	Other Expenditures					
<b>Total Expenditures</b>		<b>2,640,955</b>	<b>1,882,581</b>	<b>318,131</b>	<b>15,927</b>	<b>0</b>
596, 597, 599	Other Financing Uses	330,131	330,131			424,316
<b>Total Expenditures and Other Uses</b>		<b>2,971,086</b>	<b>2,212,712</b>	<b>318,131</b>	<b>15,927</b>	<b>424,316</b>
<b>Excess (Deficit) of Resources Over Uses</b>		<b>1,058,548</b>	<b>1,056,090</b>	<b>1,698</b>	<b>760</b>	
380	Nonrevenues (Except 384 and 388.80)	0				
580.10	Nonexpenditures (Except 584 and 588.80)	0				
<b>508.10</b>	<b>Reserved Ending Cash Investments</b>	<b>272,135</b>	<b>269,677</b>	<b>1,698</b>	<b>760</b>	<b>0</b>
<b>508.80</b>	<b>Unreserved Ending Cash Investments</b>	<b>786,414</b>	<b>786,414</b>			

The Accompanying Notes Are An Integral Part Of This Statement.

\$1 to \$2 adjustments are due to rounding of numbers to whole numbers as required by State Auditor's Office

**EAST COUNTY FIRE & RESCUE  
NOTES TO FINANCIALS  
2010 – 2012**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

East County Fire & Rescue, formerly identified as Clark Fire District 1 (MCAG No. 1054) and Clark County Fire District 9 (MCAG No. 1060), is a special purpose government that provides fire protection and emergency response services to the general public and is supported primarily through property tax revenue. East County Fire & Rescue was formed on May 26, 2006, after a successful merger between Clark County Fire District #1 and Clark County Fire District #9, and operates under chapter 52 RCW and other laws of the state of Washington applicable to Fire Districts. After a successful merger, Clark County Fire District #9 petitioned the Board of County Commissioners to officially change its name to East County Fire & Rescue. The District uses single-entry, cash basis accounting which is a departure from the generally accepted accounting principles (GAAP).

a) Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to - and accounted for- in individual funds depending on their intended purpose. The District has the following funds;

General Fund 001

This is the primary operating Fund of East Count Fire & Rescue and accounts for all financial resources except those required to be accounted for in another fund.

Special Fund 101

This is the primary Fund used for accounting of Emergency Medical Services (EMS) Levy funds that are "passed through" East County Fire & 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.

Debt Service Fund 201

This Fund accounts for the accumulation of resources to pay principal, interest, and other related costs on general long-term debt generated by the District.

Debt Service Fund 202

This Fund accounted for costs related to general long-term debt originated by Clark County Fire Protection District No.1. This fund was closed upon satisfaction of the existing debt, June 2011.

Construction Fund 301

This Fund accounts for the accumulation of resources used to pay the related costs for construction of major facilities used in governmental activities.

b) Basis of Accounting

The District reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System (BARS) for Fire Districts in the State of Washington* manual. This basis of accounting and reporting is considered a comprehensive basis of accounting (OCBOA) as prescribed by the State Auditor's Office under the authority of Washington State law Chapter 43.09 RCW

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues were recognized only when cash was received and expenditures were recognized when paid.

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

c) Cash

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

d) Deposits

The Districts deposits (and any certificate of deposit) are covered by Washington Public Deposit Protection Commission.

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 1 year. The capital assets of East County Fire & Rescue are recorded as expenditures when purchased. All capital and attractive assets are issued an inventory tag and are entered into the inventory tracking system.

f) Compensated Absences

Vacation leave for full-time administrative and line personnel may be carried over annually-up to- but not exceeding, two (2) times the annual accrual amount. Leave accumulated in excess of two (2) times the annual amount shall be forfeited by the Employee until such time that the leave bank is decreased below two (2) times the annual amount. Upon submittal of resignation, accrued-but unused-vacation time that is remaining will be paid at the employee's current rate of pay. Upon notification of permanent separation, the employee may be required to use part, or all, of their eligible accrued leave prior to the date of termination.

Full-Time Employees working a 24/48 hour work week shall be granted ninety-six (96) hours of floating holiday time per calendar year (pro-rated at date of hire), in lieu of any holiday pay-or-personal time off. Floating holidays (96) hours, shall not be carried over from the prior year. Upon submittal of resignation, accrued-but unused, Floating Holiday hours that are remaining will be paid at the employee's current rate of pay, unless terminated for gross misconduct.

Part time personnel accrue Personal Time-Off (PTO) at a rate of 8 hours per month based on 1FTE. PTO is accrued for a part-time employee working at least .5FTE or more. No more than 12 hours PTO can be carried over from one year to the next. PTO will be paid out upon resignation of the employee. PTO will not be paid out to an employee who is terminated for gross misconduct.

#### Sick Leave

Upon resignation/termination, retirement, or death, any outstanding sick leave is lost.

Full Time Employees working a 40 hour work week shall be entitled to accrue sick leave based upon a rate of eight (8) hours per month. A maximum of 1040 hours of paid sick leave may be accumulated.

Full time Employees working a 24/48 hour work week shall be entitled to accrue sick leave based upon a rate of twelve (12) hours per month. A maximum of 1540 hours of paid sick leave may be accumulated.

Sick leave may be used only for bona-fide personal illness or injury, quarantine due to exposure to contagious disease(s), or any physical treatment or examination including medical, dental or ocular. Employees may also use sick leave for illness or injury to immediate family members.

The District will not pay for any sick leave remaining at the time of termination by either the District or the Full-Time Employee.

Four (4) hours of earned leave shall be immediately granted to the Full-Time Employee, working a 40 hour work week, following any calendar quarter where he/she does not utilize sick time during the quarter. These hours may be used anytime after they are earned, but must be used by March 31<sup>st</sup> of the following calendar year-or-they are void.

Six (6) hours of earned leave shall be immediately granted to the Full-Time Employee, working a 24/48 schedule, following any calendar quarter where he/she does not utilize sick time during that quarter. These hours may be used anytime after they are earned, but must be used by March 31<sup>st</sup> of the following calendar year-or-they are void.

#### g. Reserved Fund Balance

In 2010 East County Fire & Rescue had \$272,134.54 held in reserve (508.80) in fund 6291 for Apparatus Replacement.

In 2011 East County Fire & Rescue had \$334,329.10 held in reserve (508.80) in fund 6291.

Sub-Fund 6291-1	Apparatus Replacement	\$273,349.22
Sub-Fund 6291-2	Capital Facility	\$ 828.92
Sub-Fund 6291-3	Leave Accrual	\$ 60,150.96

In 2012 East County Fire & Rescue had \$375,122.29 held in reserve (508.80) in fund 6291.

Sub-Fund 6291-1	Apparatus Replacement	\$234,163.38
Sub-Fund 6291-2	Capital Facility	\$ 831.81
Sub-Fund 6291-3	Leave Accrual	\$ 64,895.90
Sub-Fund 6291-4	SAFER Grant Year 3 Payroll	\$ 75,231.20

**NOTE 2-PROPERTY TAXES**

The Clark County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Daily receipts are distributed to the appropriate funds three business days following receipt of payment.

Property tax revenues are recognized when cash is received by East County Fire & Rescue. Delinquent taxes are considered fully collectible as a lien affixes to the property when taxes are levied.

The District’s regular levy rate for 2010 reached the legislated legal limit of \$1.50 per \$1,000 on an assessed valuation of \$1,223,937,828 for a total regular levy of \$1,644,087.

The District’s regular levy rate for 2011 is \$1.50 per \$1,000 on an assessed valuation of \$1,122,899,514 for a total regular levy of \$1,684,349.

The District’s regular levy rate for 2012 is \$1.50 per \$1,000 on an assessed valuation of \$1,096,277,578 for a total regular levy of \$1,644,087.

**EMS LEVY**

For the period of 2010 through 2012 East County Fire & Rescue also levied \$0.35 per \$1,000 for Emergency Transport Services. This levy accounts for the collection of taxes due from a six-year East County Fire & Rescue Emergency Medical Services (EMS) levy passed in 2008. Taxes are scheduled for collection from January 1, 2009, through December 31, 2014. 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.

The EMS levy rate for 2010 is \$0.35 per \$1,000 on an assessed valuation of \$1,223,937,828 for a total EMS levy of \$428,378.

The EMS levy rate for 2011 is \$0.35 per \$1,000 on an assessed valuation of \$1,122,899,514 for a total EMS levy of \$393,014.

The EMS levy rate for 2012 is \$0.35 per \$1,000 on an assessed valuation of \$1,096,277,578 for a total EMS levy of \$383,620.

Delinquent tax receivable by Fund as of December 31, 2010:

General Fund 001	\$96,127.26
EMS Levy	\$20,785.42

Delinquent tax receivable by Fund as of December 31, 2011:

General Fund 001	\$90,285.53
EMS Levy	\$21,215.67

Delinquent tax receivable by Fund as of December 31, 2012:

General Fund 001	\$85,464.39
EMS Levy	\$19,656.40

**NOTE 3-INVESTMENTS**

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

The District’s interest in the investment pool on December 31, 2010 was \$1,058,548, 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, 2011 was \$1,027,697.73, 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, 2012 was \$1,320,133.35, 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 4-DEBT SERVICE REQUIREMENTS**

The accompanying Schedule of Long-Term Debt (09) provides a summary of the outstanding debt of the district and summarizes the District’s debt transactions for year 2010 and 2011. The debt service requirements, including interest, are as follows.

	2010 Long-Term Debt Summary		
	GO Bonds	Other Debt	Total Debt
2010	\$318,130	\$ -	\$318,130
2011	\$289,048	\$ -	\$289,048
2012	\$254,536	\$ -	\$254,536
2013*	\$254,891	\$ -	\$254,891

2014	\$254,896	\$	-	\$254,896
2015-2019	\$1,621,335	\$	-	\$1,621,335
2020-2024	\$1,096,872	\$	-	\$1,096,872
2025-2029	\$175,925	\$	-	\$175,925
TOTALS	\$4,265,635	\$	-	\$4,265,635

2011 Long-Term Debt Summary

	GO Bonds		Other Debt	Total Debt
2011	\$289,048	\$	-	\$289,048
2012	\$254,536	\$	-	\$254,536
2013*	\$254,891	\$	-	\$254,891
2014	\$254,896	\$	-	\$254,896
2015	\$259,583	\$	-	\$259,583
2016-2020	\$1,580,540	\$	-	\$1,580,540
2021-2025	\$935,925	\$	-	\$935,925
2026-2030	\$118,085	\$	-	\$118,085
TOTALS	\$3,947,507	\$	-	\$3,947,507

\*This General Obligation Bond interest rate must be re-negotiated in 2013. This debt has a term of ten years and matures in 2018. The District must either pay off the balance or secure additional financing. For accounting purposes, I used the current rate of interest through 2018 and included the debt payoff in the 2016-2020 information above.

As of December 31, 2010, East County Fire & Rescue had a leave accrual liability of \$43,752.

As of December 31, 2011, East County Fire & Rescue had a leave accrual liability of \$64,684.

As of December 31, 2010 East County Fire & Rescue had sick leave liability of \$122,057 (not payable upon termination).

As of December 31, 2011 East County Fire & Rescue had sick leave liability of \$159,366 (not payable upon termination).

The accompanying Schedule of Long-Term Debt (09) provides a summary of the outstanding debt of the district and summarizes the District's debt transactions for year December 31, 2012. The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

	General Obligation Debt	Revenue Debt		Other Debt	Total Debt	
2012	\$739,365.21	\$	-	\$	-	\$739,365.21
2013	\$240,872.50	\$	-	\$	-	\$240,872.50
2014	\$245,517.50	\$	-	\$	-	\$245,517.50

2015	\$249,800.00	\$	-	\$	-	\$249,800.00
2016	\$246,972.50	\$	-	\$	-	\$246,972.50
2017-2021	\$1,255,820.00	\$	-	\$	-	\$1,255,820.00
2022-2026	\$812,562.50	\$	-	\$	-	\$812,562.50
2027	\$319,540.00	\$	-	\$	-	\$319,540.00
<b>TOTALS</b>	\$4,110,450.21		\$0.00		\$0.00	\$4,110,450.21

As of December 31, 2012, East County Fire & Rescue had a leave accrual liability of \$69,072.

As of December 31, 2012 East County Fire & Rescue had sick leave liability of \$157,276 (not payable upon termination).

**NOTE 5-PENSION PLANS**

All District full-time and qualifying part-time employees participate in LEOFF II or PERS II plans as administered by the Washington State Department of Retirement Systems (WS DRS) under cost-sharing multiple-employer defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the District’s financial statements. Contributions to the systems, by both employee and employer, are based upon gross wages covered by plan benefits.

Employer contribution rates for 2010 were as follows:

PERS II	5.31%
LEOFF II	5.24%

Employer contribution rates for 2011 were as follows:

PERS II	January 1, 2011-June 30, 2011	5.31%
PERS II	July 1, 2011-August 31, 2011	7.07%
PERS II	September 1, 2011-December 31, 2011	7.25%
LEOFF II		5.24%

Employer contribution rates for 2012 were as follows:

PERS II	January 1, 2012-March 31, 2012	7.25%
PERS II	April 1, 2012-June 30, 2012	7.08%
PERS II	July 1, 2012-December 31, 2012	7.21%
LEOFF II		5.24%

Historical trends or other information regarding each plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be found on their web site at [www.drs.wa.gov](http://www.drs.wa.gov) or requested by mail:

Department of Retirement Services  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 6- OTHER DISCLOSURES**

Clark County Risk Management Group On October 21, 1994 under the authority of RCW 39.34 and RCW 48.62, the Secretary of State approved the creation of a nonprofit corporation: Clark County Fire Rescue Risk Management Group. The member districts are Clark County Fire Districts 1, 6, 9, 11 and 12 and Cowlitz County Fire District 2. Clark county Fire District 3, a founding member, withdrew from the pool on November 1, 2009. The purpose of the corporation is to pool risk exposures, as well as other cooperative purposes, in an effort to lower insurance premiums for the member districts.

**Inter-fund Transfers**

**2010** - \$318,131 of the amount shown in “Other Financing Uses” (Fund 001) and “Transfer In” (General Fund 201) is comprised of inter-fund budget transfers for Debt Service Payments.

**2010** - \$12,000 of the amount shown in “Other Financing Uses” (Fund 001) and “Transfer In” (General Fund 301) is comprised of inter-fund budget transfers for Facility Capital Expense.

**2011** - \$291,617 of the amount shown in “Other Financing Uses” (Fund 001) and “Other Financing Sources” (General Fund 201) is comprised of inter-fund budget transfers for Debt Service Payments.

**2011** - \$760 of the amount shown in “Other Financing Uses” (Fund 301) was transferred to Fund 001 “Other Financing Sources” leaving a zero balance in Fund 301.

**2012** - \$739,635 of the amount shown in “Transfers Out” (Fund 001) and “Transfers In” (General Fund 201) is comprised of inter-fund budget transfers for Debt Service Payments.

**2010 Five Member Board**

November, 2009, the Voters of East County Fire & Rescue approved maintaining the Board of Commissioners at five members. On January 5, 2010 to Fire Commissioners were appointed to vacant positions per Resolution #119-01052010. George F. Hooper (Jack) was appointed to fill Position #5 for the first two years of a six-year term that runs through December 31, 2015. John Clancy was appointed to Position #4 for the two years that would have remained in his term – which runs through December 31, 2011.

**2010 and 2011 City of Camas Staffing Agreement**

East County Fire & Rescue and the City of Camas entered into a Staffing Agreement on December 2, 2008. The agreement had a 365 day termination clause. On December 2, 2009 East County Fire & Rescue informed City of Camas of its intent to terminate said contract. On December 2, 2010, City of Camas and East County Fire & Rescue terminated the Staffing Agreement. The reduction in Professional Service costs from the 2010 budget (approximately

\$450,000) will be expensed in the salary line item for the 2011 budget. At the time of termination East County Fire & Rescue billed City of Camas for utility usage that exceeded that of 2009. East County Fire & Rescue received payment for these overages in February 2011 in the amount of \$468.82.

#### 2010 Station Use Inter-local

On November 15, 2010, East County Fire & Rescue and the City of Washougal entered into a Station Use Inter-local agreement. City of Washougal agrees to pay for all utilities and maintain the facility and grounds to East County Fire & Rescue specifications. East County Fire & Rescue will maintain ownership and have access to the station as needed. This agreement shall be effective upon both parties signing and stay in effect until terminated. Either party may terminate this agreement with six (6) months advance notice.

#### 2010 Mutual First Response Agreement

On December 21, 2010, East County Fire & Rescue entered into a Mutual First Response Agreement with Skamania County Fire District No. 4, to afford greater fire suppression services to each of the parties. There is no financial impact to either agency under this agreement. Each agency will assume all liabilities that occur or arise out of the performance of this agreement. This agreement has no end-date, but may be terminated by a thirty (30) day notice.

#### 2010 Budget Rollover

In 2010 our expenditures (\$2,212,711) exceeded our revenues (\$2,071,902) by \$140,809. Anticipating a lower than average Property Tax collection rate, and knowing that we had financial obligations for Capital expenditures, we started the year with a \$142,693 roll-over from 2009. Consider our revenue shortfall and our 2009 roll-over, we had an ending balance of \$1,884. East County Fire & Rescue typically counts on using roll-over from Wildland firefighting to offset any decrease in revenue projections.

#### 2010 Medical/Dental Plan

East County Fire & Rescue staff re-evaluated the current medical/dental plan the agency currently purchases. A comparison between the current PPO-Plus plan and PPO-100 indicated a savings to the District of approximately \$31,000. The PPO-100 plan requires the employee to pay a \$10 co-pay at the time of service-plus pay 10% of service costs until the annual per-family deductible is met.

#### 2011 Station Use Inter-local

On November 15, 2010, East County Fire & Rescue and the City of Washougal entered into a Station Use Inter-local agreement. City of Washougal agrees to pay for all utilities and maintain the facility and grounds to East County Fire & Rescue specifications. East County Fire & Rescue will maintain ownership and have access to the station as needed. This agreement shall be effective upon both parties signing and stay in effect until terminated. Either party may terminate this agreement with six (6) months advance notice.

At the September 20, 2011 Commissioner Meeting, the Board directed Chief Koehler to negotiate with Chief Schumacher regarding reduction in the capital fund costs that Washougal Fire Department pays to East County Fire & Rescue for using station 95.

#### 2011 Establishment of Reserve Funds

Per Resolution #133-05032011, reserve sub-fund 6291-1, was renamed from Apparatus Replacement Fund, to Capital Purchase reserves.

Per Resolution #134-05032011, a Facility Repair reserve fund was established for large (facility) maintenance projects and significant improvements to our structures. Per the signed Resolution, \$50,000 from our investment pool was moved into sub-fund 6291-2, Capital Facility reserves.

Per Resolution #135-05032011, a Leave Liability reserve fund was established. Per the signed Resolution, \$60,000 from our investment pool was moved into sub-fund 6291-3, Leave Liability reserves.

Per Resolution # 149-11152011, a SAFER Career Grant Reserve Fund was established to offset the cost of SAFER Grant employee wages and benefits for the third year of that grant agreement.

#### 2011 Federal Grants

At the May 17, 2011 Regular Board of Fire Commissioners Meeting, the Board accepted the \$299,500 SAFER Grant for Volunteer Recruitment and Retention.

At the reconvened June 7, 2011 Commissioner Meeting, the Board accepted the \$724,659 SAFER Staffing Grant for Career Personnel.

#### 2011 Obsolete Funds

The following funds were created by Clark County Fire District #1 or Clark County Fire District #9 for various reasons. These funds are considered obsolete and were closed by East County Fire & Rescue after gaining approval from Clark County Treasurer's and Auditor's Office.

Fund 6201	Clark County Fire District #1- General Operating
Fund 6208	Clark County Fire District #1- Bond Fund
Fund 6214	Clark County Fire District #9- General Operating
Fund 6235	Clark County Fire District #9- EMS Levy
Fund 6243	Clark County Fire District #1- EMS Levy
Fund 6244	Clark County Fire District #9- EMS Levy

#### 2011 Formation of Bargaining Unit

During the December 6, 2011 Commissioner Meeting, the Board was notified that the Full-time Fire Fighters have petitioned PERC (Public Employment Relations Commission) to seek representation from the IAFF (International Association of Fire Fighters). They will be represented by Local 2444 (Camas Fire Fighters).

#### 2012 Re-funding of Bonds

Per Resolution #156-07172012, the Callable 2004 Limited Tax General Obligation Bonds and the 2008 bank loan were re-funded. The re-funding of the 2004 bonds will be financed over 12.5 years. The 2008 Bank Loan for the Bear Prairie facility will be financed over 15.5 years. The bonds were issued at a "True Interest Cost" percentage of 2.63%, resulting in a savings of \$241,454 in interest costs.

Schedule of Liabilities  
For the Year Ended December 31, 2012

ID. No.	Description	Maturity/Payment Due Date ___/___/20__	Beginning Balance 01/01/2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2012
251.11	General Obligation Non-Voted	12/31/2024	1,500,000		1,315,000	59122	185,000
251.11	General Obligation Non-Voted	12/31/2027	665,000		30,000	59122	635,000
251.11	General Obligation Non-Voted	12/31/2018	496,726		496,726	59122	-
251.11	General Obligation Non-Voted	12/31/2027	1,860,000		25,000	59122	1,835,000
259.11	Compensated Absences	n/a	53,904	3,657		52210	57,561
259.11	Benefits for Compensated Absences	n/a	10,781	731		52210	11,512

Schedule of Liabilities  
For the Year Ended December 31, 2011

ID. No.	Description	Maturity/Payment Due Date	Beginning Balance 01/01/2011	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2011
251.11	General Obligation Non-Voted	12/31/2024	1,585,000		85,000	59122	1,500,000
251.11	General Obligation Non-Voted	12/31/2027	695,000		30,000	59122	665,000
251.11	General Obligation Non-Voted	12/31/2018	509,625		12,899	59122	496,726
259.11	Compensated Absences	NA	43,752	10,152		52210	53,904
295.11	Benefits for Compensated Absences		6,055	4,726		52210	10,781
263.96	LOCAL Program	6/30/2011	32,025		32,025	59122	-





## **ABOUT THE STATE AUDITOR'S OFFICE**

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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 as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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**Director of Performance and State Audit**  
**Director of Local Audit**  
**Deputy Director of State Audit**  
**Deputy Director of Local Audit**  
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**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Kelly Collins, CPA**  
**Jan M. Jutte, CPA, CGFM**  
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