Washington State Auditor's Office

Troy Kelley

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## Financial Statements and Federal Single Audit Report

# Clark County Fire and Rescue

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

**Published April 27, 2015**

**Report No. 1014104**

# Washington State Auditor
# Troy Kelley

April 27, 2015

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, Washington

## Report on Financial Statements and Federal Single Audit

Please find attached our report on Clark County Fire and Rescue's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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# FEDERAL SUMMARY

## Clark County Fire and Rescue
## January 1, 2014 through December 31, 2014

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

## Financial Statements

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

## Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

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

## Identification of Major Programs:

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

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $300,000.

The District did not qualify as a low-risk auditee under OMB Circular A-133.

# STATUS OF PRIOR FEDERAL AUDIT FINDINGS

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Clark County Fire and Rescue. The State Auditor's Office has reviewed the status as presented by the District.

| **Audit Period:** 2013 | **Report Ref. No:** 1012665 | **Finding Ref. No:** 1 | **CFDA Number(s):** 97.083 |
|---|---|---|---|
| **Federal Program Name and Granting Agency:** Staffing for Adequate Fire and Emergency Response – U.S. Department of Homeland Security | | **Pass-Through Agency Name:** City of Woodland | |

**Finding Caption:**
The District did not have adequate internal controls to ensure compliance with federal procurement and suspension and debarment requirements.

**Background:**
The District did not maintain documentation to demonstrate compliance with federal procurement and suspension and debarment requirements when purchasing telecommunication and video conferencing equipment and software.

**Status of Corrective Action: (check one)**

| ■ Fully Corrected | ☐ Partially Corrected | ☐ No Corrective Action Taken | ☐ Finding is considered no longer valid |
|---|---|---|---|

**Corrective Action Taken:**
*The District has updated the purchasing guidelines to specifically include a section on Federal grant procurements. Grant administrators shall be provided with a copy of the applicable circulars and all grant procurements are to be reviewed by the Finance Manager prior to issuing a purchase order or actually making the purchase where a purchase order is not required by District policy.*

*Copies of all supporting documents shall be maintained with the grant file and kept in an electronic format where feasible as additional backup.*

*All impacted staff members have been apprised of the updated procedures. Review of these procedures will be included as a part of new employee orientation where applicable. Procedures will be reviewed on an annual basis. Grant administrators will be provided with opportunities to attend new or refresher grant management training.*

*We feel that our enhanced procedures should preclude a repeat of our lapse in documentation.*

# 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*

**Clark County Fire and Rescue**
**January 1, 2014 through December 31, 2014**

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, 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 Clark County Fire and Rescue, Clark County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 9, 2015.

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

## INTERNAL CONTROL OVER FINANCIAL REPORTING

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

## COMPLIANCE AND OTHER MATTERS

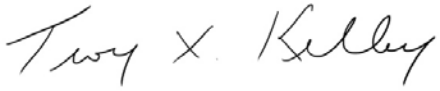
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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
OLYMPIA, WA

April 9, 2015

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

**Clark County Fire and Rescue**
**January 1, 2014 through December 31, 2014**

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Clark County Fire and Rescue, Clark County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

### Opinion on Each Major Federal Program

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

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

## PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

April 9, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Clark County Fire and Rescue
## January 1, 2014 through December 31, 2014

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, Washington

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Clark County Fire and Rescue, Clark County, Washington, for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 17.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

## Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Clark County Fire and Rescue has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Clark County Fire and Rescue, for the year ended December 31, 2014, 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 Clark County Fire and Rescue, as of December 31, 2014, or

the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

### Other Matters

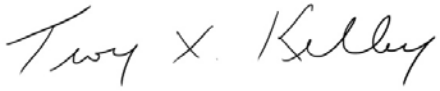
#### *Supplementary and Other Information*

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also 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 April 9, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

April 9, 2015

# FINANCIAL SECTION

**Clark County Fire and Rescue**
**January 1, 2014 through December 31, 2014**

## FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Notes to Financial Statements – 2014

## SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Expenditures of Federal Awards – 2014
Notes to the Schedule of Expenditures of Federal Awards – 2014

# Clark County Fire and Rescue
## Fund Resources and Uses Arising from Cash Transactions
## For the Year Ended December 31, 2014

| | | Total for All Funds (Memo Only) | 028 General Fund | 126 EMS Fund | 154 FFFB |
|---|---|---|---|---|---|
| **Beginning Cash and Investments** | | | | | |
| 30810 | Reserved | 55,443 | 30,953 | 90 | 12,357 |
| 30880 | Unreserved | 1,492,505 | 1,492,505 | - | - |
| 388 & 588 | Prior Period Adjustments, Net | - | - | - | - |
| **Operating Revenues** | | | | | |
| 310 | Taxes | 5,071,395 | 4,802,594 | 282 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | 875,960 | 875,572 | - | - |
| 340 | Charges for Goods and Services | 4,106,974 | 4,017,856 | - | 89,119 |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 35,454 | 33,410 | - | 1,661 |
| Total Operating Revenues: | | 10,089,784 | 9,729,432 | 282 | 90,780 |
| **Operating Expenditures** | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | 9,164,438 | 8,998,263 | - | 166,175 |
| Total Operating Expenditures: | | 9,164,438 | 8,998,263 | - | 166,175 |
| **Net Operating Increase (Decrease):** | | **925,346** | **731,169** | **282** | **(75,395)** |
| **Nonoperating Revenues** | | | | | |
| 370-380, 395 & 398 | Other Financing Sources | 85,718 | 85,329 | - | 388 |
| 391-393 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | 459,045 | 671 | - | 64,982 |
| Total Nonoperating Revenues: | | 544,762 | 86,001 | - | 65,370 |
| **Nonoperating Expenditures** | | | | | |
| 580, 596 & 599 | Other Financing Uses | 1,642 | 1,642 | - | - |
| 591-593 | Debt Service | 663,611 | 300 | - | - |
| 594-595 | Capital Expenditures | 83,428 | 83,428 | - | - |
| 597 | Transfers-Out | 459,045 | 458,373 | 371 | - |
| Total Nonoperating Expenditures: | | 1,207,726 | 543,744 | 371 | - |
| **Net Increase (Decrease) in Cash and Investments:** | | **262,383** | **273,427** | **(89)** | **(10,025)** |
| **Ending Cash and Investments** | | | | | |
| 50810 | Reserved | 13,445 | - | - | 2,333 |
| 50880 | Unreserved | 1,796,885 | 1,796,885 | - | - |

*The accompanying notes are an integral part of this statement.*

# Clark County Fire and Rescue
## Fund Resources and Uses Arising from Cash Transactions
## For the Year Ended December 31, 2014

| | | 220 Bond Fund - 11 | 222 Bond Fund - 12 |
|---|---|---|---|
| **Beginning Cash and Investments** | | | |
| 30810 | Reserved | - | 12,043 |
| 30880 | Unreserved | - | - |
| 388 & 588 | Prior Period Adjustments, Net | - | - |
| **Operating Revenues** | | | |
| 310 | Taxes | - | 268,520 |
| 320 | Licenses and Permits | - | - |
| 330 | Intergovernmental Revenues | - | 388 |
| 340 | Charges for Goods and Services | - | - |
| 350 | Fines and Penalties | - | - |
| 360 | Miscellaneous Revenues | - | 382 |
| Total Operating Revenues: | | - | 269,289 |
| **Operating Expenditures** | | | |
| 510 | General Government | - | - |
| 520 | Public Safety | - | - |
| Total Operating Expenditures: | | - | - |
| **Net Operating Increase (Decrease):** | | **-** | **269,289** |
| **Nonoperating Revenues** | | | |
| 370-380, 395 & 398 | Other Financing Sources | - | - |
| 391-393 | Debt Proceeds | - | - |
| 397 | Transfers-In | 366,733 | 26,659 |
| Total Nonoperating Revenues: | | 366,733 | 26,659 |
| **Nonoperating Expenditures** | | | |
| 580, 596 & 599 | Other Financing Uses | - | - |
| 591-593 | Debt Service | 366,733 | 296,579 |
| 594-595 | Capital Expenditures | - | - |
| 597 | Transfers-Out | - | 300 |
| Total Nonoperating Expenditures: | | 366,733 | 296,879 |
| **Net Increase (Decrease) in Cash and Investments:** | | **-** | **(931)** |
| **Ending Cash and Investments** | | | |
| 50810 | Reserved | - | 11,112 |
| 50880 | Unreserved | - | - |

*The accompanying notes are an integral part of this statement.*

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a special purpose government providing fire protection and emergency medical response services to the general public and is supported primarily through property taxes. Clark County Fire & Rescue was incorporated in 1961 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

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 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

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 comprises 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. Each fund is reported as a separate column in the financial statements. The following fund types are used by the District:

General Fund - 028

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

Special Revenue Funds – EMS Fund 126 & FFFB Fund 154

These funds account for proceeds of specific revenue sources (other than for major capital projects) that are contractually or legally restricted to expenditures for specific purposes.

Debt Service Funds – 220 & 222

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

b. Basis of Accounting

Clark County Fire & Rescue reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the *Cash Basis Budgeting Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is an *other comprehensive basis of accounting* (OCBOA) that is 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 are recognized only when cash is received and expenditures are 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 expenses when purchased.

c. Budgets

The District adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general fund, where the budget is adopted at the department 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:

| Fund/Dept | Final Appropriated Amounts | Actual Expenditures | Variance |
|---|---|---|---|
| **General Fund 028** | | | |
| Administration | $ 879,650 | $ 823,346 | $ 56,304 |
| Operations | $ 6,314,700 | $ 7,008,603 | $ (693,903) |
| EMS Program | $ 13,600 | $ 8,057 | $ 5,543 |
| Prevention | $ 154,900 | $ 157,125 | $ (2,225) |
| Training - External | $ 284,100 | $ 254,231 | $ 29,869 |
| Training - Internal | $ 337,000 | $ 278,548 | $ 58,452 |
| Contract Education | $ 15,000 | $ 14,093 | $ 907 |
| Facilities | $ 414,450 | $ 454,260 | $ (39,810) |
| Debt Service | $ 1,200 | $ 300 | $ 900 |
| Capital Expense | $ 30,000 | $ 83,428 | $ (53,428) |
| Payroll Clearing | $ - | $ - | $ - |
| Interfund Transfers | $ 459,600 | $ 458,373 | $ 1,227 |
| **Total General Fund** | $ 8,904,200 | $ 9,540,364 | $ *(636,164) |
| | | | |
| **EMS Fund 126** | $ - | $ 371 | $ (371) |
| **FFFB Fund 154** | $ 172,450 | $ 166,175 | $ 6,275 |
| **Debt Service Fund 220** | $ 366,750 | $ 366,733 | $ 17 |

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

* Unfavorable budget variances may be attributed to the following:

| | |
|---|---|
| $ 96,751 | Ops Salary/Benefits – SAFER EMW-2011-FH-00949 (authorized grant extension) |
| $ 258,687 | Ops Salary/Benefits – SAFER EMW-2013-FF-00448 (new grant) |
| $ 416,029 | Ops Salary/Benefits – Wildland Fire Mobilizations (State contract – reimbursed) |
| $ 19,986 | Facility – Water damage (frozen pipes – insured) |
| $ 9,800 | Facility – HVAC and plumbing repairs (exceeding normal) |
| $ 12,645 | Facility – assumption of Battle Ground station (lease agreement) |
| $ 5,273 | Facility – inventory procurement for central stores |
| $ 5,699 | Capital Expense – Inventory security cage |
| $ 54,504 | Capital Expense – AFG EMW-2012-FO-01679 (Radio equipment) |

d. Cash and Investments

See NOTE 3, *Deposits and Investments*.

e. Capital Assets

Capital assets are assets with an initial individual cost of greater than $5,000 and an estimated useful life in excess of 1 year. Capital assets are recorded as expenditures when purchased.

f. Compensated Absences

Vacation leave for contract labor, full time administrative and permanent part time administrative personnel may be carried over annually with no limit of accumulation. Upon submittal of resignation, accrued but unused vacation time remaining will be paid at the employee's current rate of pay, not to exceed one year's worth of accrual at the employee's current accrual rate. Upon notification of permanent separation the employee may be required to utilize part of all of their eligible accrued leave prior to the date of termination.

Sick leave may be accumulated up to 400 hours for permanent part time administrative staff, 800 hours for contract labor non-shift (40 hour/week) personnel, and 1200 hours for all full-time administrative and contract labor shift personnel. After of five years of continuous service and upon entering into the Washington State Retirement System OR being awarded permanent medical disability, twenty five percent (25%) of the employee's accumulated sick leave shall be dispersed based upon their current base rate of pay into an appropriate medical savings account (i.e. VEBA or MERP account). The balance of accrued leave shall be forfeited.

Other part time personnel do not accrue benefits.

Payments are recognized as expenditures when paid.

The District's estimated liability for vacation and sick leave termination benefits as of December 31, 2014 is reported on Schedule 9.

g. Long-Term Debt

See NOTE 4, *Debt Service Requirements*.

h. Other Financing Sources or Uses

The District's *Other Financing Sources or Uses* consist of District interfund transfers. Transfers by fund for 2014 are as follows:

| Financing Sources | Financing Uses | Amount |
|---|---|---|
| Bond Fund 220 | General Fund 028 | $ 366,733 |
| Bond Fund 222 | General Fund 028 | $ 26,659 |
| General Fund 028 | Bond Fund 222 | $ 300 |
| General Fund 028 | EMS Fund 126 | $ 371 |
| Special Fund 154 | General Fund 028 | $ 64,982 |

i. Risk Management

See NOTE 7, *Other Disclosures, Clark County Fire Rescue Risk Management Group*.

j. Reserved Portion of Ending Cash and Investments

FFFB Fund 154 is maintained per interagency agreements in place with Clark County and Clark County Fire District 6 for the operation and maintenance of the Fairgrounds Public Safety Complex. See Note 7, *Other Disclosures*. The fund balance as of December 31, 2014 was $2,333.

Funds held in Bond Fund 222 are strictly reserved for the purpose of voted debt redemption. The fund balance as of December 31, 2014 was $11,112.

## NOTE 2 – PROPERTY TAXES

The Clark County Treasurer acts as an agent to collect property tax 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after the tax is levied.

The District's regular levy rates were as follows:

| Year | Rate/$1K | Valuation | Levy |
|---|---|---|---|
| 2009 | $ 1.4580374 | $ 4,048,946,396 | $ 5,903,515 |
| 2010 | $ 1.5000000 | $ 3,340,874,400 | $ 5,011,312 |
| 2011 | $ 1.5000000 | $ 3,124,803,709 | $ 4,687,206 |
| 2012 | $ 1.5000000 | $ 2,995,346,518 | $ 4,493,020 |
| 2013 | $ 1.5000000 | $ 2,926,734,604 | $ 4,390,102 |
| 2014 | $ 1.5000000 | $ 3,186,714,009 | $ 4,780,071 |

The District's capital bond levy* rates were as follows:

| Year | Rate/$1K | Valuation | Levy |
|---|---|---|---|
| 2009 | $ 0.1186063 | $ 1,915,156,897 | $ 199,942 |
| 2010 | $ 0.1485471 | $ 1,625,746,517 | $ 241,500 |
| 2011 | $ 0.1631358 | $ 1,531,639,622 | $ 249,865 |
| 2012 | $ 0.1689974 | $ 1,502,981,567 | $ 254,000 |
| 2013 | $ 0.1767296 | $ 1,493,241,396 | $ 263,900 |
| 2014 | $ 0.1663011 | $ 1,621,057,274 | $ 269,584 |

**Note:*
*Clark County Fire District Districts 12 and 14 merged in March 2001 and Districts 11 and 12 (now Clark County Fire & Rescue) merged in November 2008. The capital bond levy was originated by Clark County Fire District 12. Taxpayers owning property located in Fire District 14 and Fire District 11 at the time the levy was passed (1999) do not pay this assessment. Assessed valuation for the bond levy calculation will be significantly less than the regular assessment (even allowing for the low income/senior discount) until this bond is fully redeemed in 2019.*

Delinquent taxes receivable by Fund as of December 31, 2014 was as follows:

| | |
|---|---|
| Bond Fund 222 | $ 12,388 |
| EMS Fund 126 | $ 0 |
| General Fund 028 | $ 206,768 |

## NOTE 3 – DEPOSITS & INVESTMENTS

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

The District's deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or by the Clark County Treasurer's Offices, which operates as the District's fiscal agent.

The aggregate County Pool distribution of investments (by type) as of December 31 was as follows:

| Type | 2014 Book Value* | % |
|---|---|---|
| Federal Agencies Semi-Annual Coupon | $ 201.7 | 37.5 |
| Federal Agencies Discount | $ 0.0 | 0.0 |
| Treasury Coupons | $ 181.1 | 33.6 |
| WA State LGIP | $ 143.0 | 26.5 |
| Short Term Money Market | $ 12.1 | 2.2 |
| Municipal Bonds | $ 1.1 | 0.2 |
| Total | $ 539.0 | 100.0 |

* Shown in ($) millions

The District's investments in the County's pool are not subject to categorization as specific instruments are not distinguished between those participating in the pool. The District's interest in the pool as of December 31, 2014, presented at fair value, was as follows:

| | |
|---|---|
| General Fund 028 | $ 2,039,258 |
| Bond Fund 222 | $ 10,425 |
| FFFB Fund 154 | $ 3,478 |

## NOTE 4 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for the year ended December 31, 2014.

The debt service requirements for the District's general obligation bonds and other debt, including both principal and interest, are as follows:

| | GO Bonds | Other Debt | Total Debt |
|---|---|---|---|
| 2015 | $ 576,863 | $ 72,407 | $ 649,270 |
| 2016 | $ 580,613 | $ - | $ 580,613 |
| 2017 | $ 593,263 | $ - | $ 593,263 |
| 2018 | $ 604,438 | $ - | $ 604,438 |
| 2019 | $ 614,313 | $ - | $ 614,313 |
| 2020-24 | $1,232,831 | $ - | $1,232,831 |
| 2025-29 | $ - | $ - | $ - |
| 2030-34 | $ - | $ - | $ - |
| TOTALS | $4,202,321 | $ 72,407 | $4,274,728 |

## NOTE 5 – INTERFUND LOANS

The District has no interfund loans.

## NOTE 6 – PENSION PLANS

Substantially all of the District's full-time and qualifying part-time employees participate in the LEOFF 2, PERS 2, or PERS 3 plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement 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.

Historical trends or other information regarding each plan is presented in the Washington 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 or obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

## NOTE 7 – OTHER DISCLOSURES

***Compliance and Accountability***
There have been no material violations of finance-related legal or contractual provisions.

***OPEB***
The District has a commitment to pay for post-employment benefits for one LEOFF 1 retiree (1983). These benefits include medical insurance and

***Board of Fire Commissioners***
The 2014 Board of Fire Commissioners was comprised of the following individuals:

| Pos | Name | Term Ending |
|---|---|---|
| 1 | David Town | December 31, 2019 |
| 2 | James R Johnson | December 31, 2015 |
| 3 | Gerald Kolke | December 31, 2017 |
| 4 | S Jon Babcock | December 31, 2017 |
| 5 | Larry Bartel | December 31, 2019 |

Commissioners are elected to serve six year terms.

***Litigation***
As of the annual report certification date, the District has no pending litigation issues or disputes.

***Intergovernmental Service Contracts***
Effective March 1, 2013, the District entered into a contract to provide emergency protection services for the City of Woodland, which includes the protection of and a provision for administrative support services to Clark County Fire District 2. The contract amount is calculated on the City's taxable assessed value at the District's current levy rate plus a flat amount provided by Clark 2.

On December 20, 2010, the City of Battle Ground approved an updated emergency protection services contract with the District. The six year contract was implemented January 1, 2011.

Effective November 1, 2014, the District entered into a facility lease agreement of the City's fire station. The District has also assumed routine maintenance costs.

In a letter dated December 29, 2014, the City of Battle Ground advised the District they intend to withdraw from the service agreement on January 1, 2016. The City advised they would be issuing a Request for Proposal (RFP) for emergency protection services. Proposals are due June 1, 2015. District staff is in the process of compiling a comprehensive proposal for submission to the City. The notification letter also stated that due to the number of unknown factors, the City may have a need to continue the contract past December 31, 2015.

Protection service contract revenue history is as follows:

| Year | City of Battle Ground | City of Woodland |
|---|---|---|
| 2012 | $ 1,571,288 | [redacted] |
| 2013 | $ 1,739,057 | $ 914,507 |
| 2014 | $ 1,999,175 | $ 1,035,300 |

***Fairgrounds Fire Facility Board***

The Fairgrounds Fire Facility Board (FFFB) was created by inter-local agreement in 1999. The Board is responsible for facility management of the Fairgrounds Public Safety Complex, which houses the Clark County Fire Marshal's Office, the Clark County Sheriff's Office West Precinct, as well as a jointly operated volunteer fire station. The FFFB is comprised of the fire chief and one fire commissioner from both Clark County Fire & Rescue and Clark County Fire District 6. Members have equal voting rights.

The calculated share of facility operations between Clark County and the FFFB has changed several times since the original agreement was signed in 1999 primarily due to reallocations of office space to meet the needs of the respective agencies.

The total facility operations cost share percentage history is as follows:

| Year | Clark County | FFFB | Amendment Effective Date |
|---|---|---|---|
| 1999 – 2004 | 45.0% | 55.0% | [redacted] |
| 2005 – 2011 | 49.0% | 51.0% | 1 – 1/2005 |
| 2011 – 2013 | 51.0% | 49.0% | 2 – 7/2011 |
| 2013 – 2014 | 58.0% | 42.0% | 3 – 7/2013 |
| 2014 – 2015 | 59.0% | 41.0% | 4 – 3/2014 |

Remaining facility and emergency response operating costs are allocated per the terms of the revised interlocal agreement adopted January 6, 2009 between Clark 6 and Clark County Fire & Rescue.

In September 2004 the FFFB agreed to annually review, and if necessary adjust, each District's share of remaining operating costs and FFFB bond liability based on actual response from the joint facility into the respective District using a rolling 24 month assessment period. Following a 2010 agreement for equal distribution, the Districts have returned to the actual use formula beginning January, 2015. Individual fire agency cost share percentages apply to direct emergency service operating expenses and to the FFFB's percentage of the shared facility operation expenses.

The cost share percentage history is as follows:

| Year | Fire District 6 | Clark F&R | Fire District 12 |
|---|---|---|---|
| 1999 – 2004 | 33.34% | 33.33% | 33.33% |
| 2005 | 42% | 16% | 42% |
| 2006 | 41% | 18% | 41% |
| 2007 | 41.5% | 17% | 41.5% |
| 2008 | 43.5% | 13% | 43.5% |
| 2009 – 2010 | 60.0% | 40.0% | |
| 2011 – 2014 | 50.0% | 50.0% | |
| 2015 | 60.0% | 40.0% | |

Agency contributions to the Fairgrounds Fire Facility Board Fund 154 for 2014 operations were as follows:

| Agency | 2014 |
|---|---|
| Clark County | $ 24,137 |
| Clark County Fire District 6 | $ 64,982 |

***Federal Grant Programs***

Board and administrative direction of the Board is to aggressively pursue all grant opportunities that support the mission and objectives of the District. Direct and indirect 2014 Federal grant expenditures exceeded $500 thousand.

Federal Grant Programs

| Program | Description | Performance Period | Status |
|---|---|---|---|
| DHS SAFER 00493 | Volunteer Program | 8/2011 – 7/2015 | Ongoing |
| DHS SAFER 00949 | (3) Firefighters 100% | 7/2012 – 12/2014 | Complete* |
| DHS SAFER 00448 | (4) Firefighters 100% | 2/2014 – 2/2016 | Ongoing |
| DHS AFG 01679 | Communication Equip | 2/2013 – 6/2014 | CLOSED |
| DHS AFG 00563 | Smoke Detectors | 8/2013 – 8/2014 | Complete* |
| DHS AFG 00819 | Smoke Detectors | 9/2014 – 9/2015 | Ongoing |

*Objectives met. Awarded funds have been expended. Close out not available.

See *SEFA Schedule 16* for information related to Federal Award financial expenditures.

***Regional Fire Authority (RFA) Planning Committee***

A Regional Fire Authority Planning Committee comprised of representatives from Clark County Fire & Rescue, Clark County Fire District 2, the City of Woodland and the City of Battle Ground was formed in 2012. The purpose of the Committee was to determine options and feasibility of forming an RFA with the four agencies. In a letter dated September 3, 2014, City of Battle Ground Mayor Shane Bowman advised that the City took action to withdraw from the RFA process at their September 2 meeting. The remaining agencies continued to meet and moved forward with development of a formal RFA plan.

Joint Resolution No. 651 provides for the submission of a proposition to form an RFA effective July 1, 2015 to qualified electors in a Special Election to be held on April 28, 2015. This resolution was adopted by the City of Woodland Council on January 20, Clark County Fire &

Rescue on February 11, and Clark County Fire District 2 on February 19, 2015. Five public meetings were held in January and February of 2015 to provide affected residents with the opportunity to discuss the Plan with agency officials, ask questions and provide input. The final RFA Plan document was adopted by the RFA Planning Committee on March 3, 2015. The Plan and Resolution documents are published on the District's website.

2015 Elected Official RFA Planning Committee Members by jurisdiction:

***Clark County Fire & Rescue (Commissioners)***

Jon Babcock
Bob Johnson
Jerry Kolke

***Clark County Fire District 2 (Commissioners)***

Ken Ayers
Stan Chunn
Dave Lester

***City of Woodland (Council Members)***

Jennifer Heffernan
Marilee McCall
Scott Perry

***Clark County Fire Rescue 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 (CCFRMG)*. The purpose of the corporation is to pool risk exposure, as well as other cooperative purposes, in an effort to lower insurance premiums for the member districts. The current member districts are Clark County Fire Districts 2 and 6, Clark County Fire & Rescue, East County Fire & Rescue and Cowlitz 2 Fire & Rescue.

The officers and directors of the CCRMG as of January 8, 2014 are listed below:

| | |
|---|---|
| Chair: | Casey Collins, Clark County Fire District 6 |
| Vice Chair: | Dennis Mason, Clark County Fire & Rescue |
| Secretary: | Bill Hallanger, Cowlitz 2 Fire & Rescue |
| Exec Secretary: | Tina Mensinger, Clark County Fire District 6 |
| Registered Agent: | Dave Taylor, Clark County Fire District 6 |
| Risk Manager: | Dennis Mason, Clark County Fire & Rescue |

The corporation purchases the typical wide range of insurance coverage through Volunteer Firemen's Insurance Services (VFIS) with American Alternative Insurance Corporation as the underwriter. Coverage is as follows:

| **CCFR – Fund 028** | **12/31/14** |
|---|---|
| General Liability (Aggregate) | $3,000,000 |
| General Liability (per Occurrence) | $1,000,000 |
| Business & Auto Coverage (per Occurrence) | $1,000,000 |
| Management Liability (Aggregate) | $3,000,000 |
| Management Liability (each Act) | $1,000,000 |
| Real Property | $11,609,036 |
| Special Property – Boat House | $125,000 |
| Personal Property | $1,979,451 |
| Umbrella (Aggregate) | $20,000,000 |
| Umbrella (per Occurrence) | $10,000,000 |

| **FFFB – Fund 154** | **12/31/14** |
|---|---|
| Real Property Insurance | $3,163,297 |
| Personal Property Insurance | $51,451 |

# Clark County Fire and Rescue
## Schedule of Liabilities
## For the Year Ended December 31, 2014

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|---|---|
| **General Obligations** | | | | | | |
| 251.12 | GO: CLAFIR0405R Apr-05 | 12/1/2019 | 1,460,000 | - | 190,000 | 1,270,000 |
| 251.11 | GO: CLAFIR0913R Sep-13 | 12/1/2024 | 2,560,000 | - | 225,000 | 2,335,000 |
| 251.11 | GO: Land Purchase Jan-04 | 6/1/2014 | 26,136 | - | 26,136 | - |
| 251.11 | GO: Equipment Purchase May-07 | 5/10/2015 | 74,000 | - | 37,000 | 37,000 |
| 251.11 | GO: Equipment Purchase Aug-09 | 8/17/2015 | 66,668 | - | 33,334 | 33,334 |
| 259.11 | Benefit Accrual - Sick Leave | | 227,188 | 206,896 | 162,127 | 271,957 |
| 259.11 | Benefit Accrual - Vacation Leave | | 413,713 | 408,417 | 336,079 | 486,051 |
| | **Total General Obligations:** | | **4,827,705** | **615,313** | **1,009,676** | **4,433,342** |
| | **Total Liabilities:** | | **4,827,705** | **615,313** | **1,009,676** | **4,433,342** |

# Clark County Fire and Rescue
## Schedule of Expenditures of Federal Awards
## For the Year Ended December 31, 2014

| Federal Agency (Pass-Through Agency) | Federal Program | CFDA Number | Other Award Number | Expenditures | | | Note |
|---|---|---|---|---|---|---|---|
| | | | | From Pass-Through Awards | From Direct Awards | Total | |
| Department Of Homeland Security | Assistance to Firefighters Grant | 97.044 | EMW-2013-FP-00819 | - | 5,927 | 5,927 | 1,2 |
| Department Of Homeland Security | Assistance to Firefighters Grant | 97.044 | EMW-2012-FP-00563 | - | 4,124 | 4,124 | 1,2 |
| Department Of Homeland Security | Assistance to Firefighters Grant | 97.044 | EMW-2012-FO-01679 | - | 38,872 | 38,872 | 1,2 |
| | | | **Total CFDA 97.044:** | **-** | **48,923** | **48,923** | |
| Department Of Homeland Security | Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | EMW-2010-FF-00493 | - | 189,935 | 189,935 | 1,2 |
| Department Of Homeland Security | Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | EMW-2011-FH-00949 | - | 197,701 | 197,701 | 1,2 |
| Department Of Homeland Security | Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | EMW-2013-FF-00448 | - | 260,266 | 260,266 | 1,2 |
| | | | **Total CFDA 97.083:** | **-** | **647,902** | **647,902** | |
| | | | **Total Federal Awards Expended:** | **-** | **696,825** | **696,825** | |

*The accompanying notes are an integral part of this statement.*

**MCAG 2959**
**CLARK COUNTY FIRE & RESCUE**

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

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the District's financial statements. The District uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

NOTE 2 - PROGRAM COSTS

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

# ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

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## Contact information for the State Auditor's Office

| | |
|---|---|
| **Deputy Director for Communications** | Thomas Shapley<br>Thomas.Shapley@sao.wa.gov<br>(360) 902-0367 |
| **Public Records requests** | (360) 725-5617 |
| **Main telephone** | (360) 902-0370 |
| **Toll-free Citizen Hotline** | (866) 902-3900 |
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