



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

Clark Regional Emergency Services Agency

Clark County

For the period January 1, 2013 through December 31, 2014

Published September 28, 2015

Report No. 1015233





Washington State Auditor's Office

September 28, 2015

Administrative Board
Clark Regional Emergency Services Agency
Vancouver, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Clark Regional Emergency Services Agency's financial statements and compliance with federal laws and regulations.

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

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Clark Regional Emergency Services Agency Clark County January 1, 2014 through December 31, 2014

The results of our audit of the Clark Regional Emergency Services Agency 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 basic 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 Agency.

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 Agency'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:

<u>CFDA No.</u>	<u>Program Title</u>
97.067	Homeland Security Grant Program

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

The Agency qualified as a low-risk auditee under OMB Circular A-133.

**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 Regional Emergency Services Agency
Clark County
January 1, 2013 through December 31, 2014**

Administrative Board
Clark Regional Emergency Services Agency
Vancouver, 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 the Clark Regional Emergency Services Agency, Clark County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 21, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency's financial statements are free from material misstatement, we performed tests of the Agency'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 Agency'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 Agency'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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 21, 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 Regional Emergency Services Agency
Clark County
January 1, 2014 through December 31, 2014**

Administrative Board
Clark Regional Emergency Services Agency
Vancouver, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Clark Regional Emergency Services Agency, 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 Agency'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 Agency'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 Agency'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 Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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 Agency 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 Agency'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 Agency'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.

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J" and "M".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 21, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clark Regional Emergency Services Agency Clark County January 1, 2013 through December 31, 2014

Administrative Board
Clark Regional Emergency Services Agency
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Clark Regional Emergency Services Agency, Clark County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Agency'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 Agency'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 of the Clark Regional Emergency Services Agency, as of December 31, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. 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*. This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 September 21, 2015 on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 21, 2015

FINANCIAL SECTION

**Clark Regional Emergency Services Agency
Clark County
January 1, 2013 through December 31, 2014**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014 and 2013

BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Position – 2014 and 2013

Comparative Statement of Revenues, Expenses and Changes in Fund Net Position – 2014
and 2013

Comparative Statement of Cash Flows – 2014 and 2013

Notes to Financial Statements – 2014 and 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2014

CLARK REGIONAL EMERGENCY SERVICES AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

The Clark Regional Emergency Services Agency's discussion and analysis is a narrative overview of the Agency's financial activities for the year ended December 31, 2014 and 2013. The information presented here should be read in conjunction with the financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- At the end of December 31, 2014, the total net position of the Clark Regional Emergency Services Agency exceeded its liabilities by \$15.4 million. Of this amount, \$11.9 million may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3.0 million (23%) in 2014. This increase was a result of increased 911 fees collected and operating grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the Clark Regional Emergency Services Agency's (the Agency's) basic financial statements. This information will assist users in interpreting the basic financial statements. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the Agency.

Basic Financial Statements

The basic financial statements comprise two components: 1) enterprise fund financial statements, and 2) notes to the financial statements. The Agency is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Enterprise Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clark Regional Emergency Services Agency, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. The single fund of the Agency is reported as an enterprise fund. The financial statements consist of a statement of net position, statement of revenues, expenses and changes in fund net position and a statement of cash flows.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the financial statements.

FINANCIAL ANALYSIS

Statement of Net Position

The Agency's total net position was \$15,396,700 at December 31, 2014, compared to \$12,444,518 at December 31, 2013. Of this amount, \$11,886,128 and \$9,097,420 is unrestricted at the end of 2014 and 2013, respectively. These assets are available to meet the ongoing needs of the government.

Our analysis below focuses on the net position and the change in net position of the special purpose government as a whole.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

NET POSITION

December 31, 2014, 2013 and 2012

	2014	2013	2012
Assets:			
Current and other assets	\$ 19,132,278	\$ 10,047,003	\$ 6,784,956
Capital assets, net	3,510,572	3,347,098	2,983,643
Total Assets	22,642,850	13,394,101	9,768,599
Liabilities:			
Current and other liabilities	6,793,270	531,940	481,727
Noncurrent liabilities	452,880	417,643	391,927
Total Liabilities	7,246,150	949,583	873,654
Net Position:			
Investment in capital assets	3,510,572	3,347,098	2,983,643
Unrestricted	11,886,128	9,097,420	5,911,302
Total Net Position	\$ 15,396,700	\$ 12,444,518	\$ 8,894,945

The largest component of “current and other assets” is made up of cash, cash equivalents and pooled investments, which represents 68%, 60%, and 85% respectively, in 2014, 2013, and 2012. This percentage increased from 2013 to 2014 as the Agency is collecting funds for the Radio System Replacement.

The cash, cash equivalents and pooled investments increased \$6.9 million from 2013 to 2014. This is partially a result of the transfer of cash (\$2.9 million) back from Clark County, which was being held in safekeeping for future purchase of radio equipment. The other \$3.9 million increase comprises an increase in cash received from operating activities of \$3.1 million and non-capital grants of approximately \$854,000.

During 2014, the due from other governments decreased \$246,816, or 40%, from 2013. This decrease is a result of county intergovernmental revenue transferring by year end in 2014, where it had only been accrued in 2013.

Vouchers payable represent the greatest category of total liabilities at 88% in 2014. Accrued compensated absences made up the largest category of liabilities in 2013 and 2012, at 50% for both years. At the end of 2014, the upgrade to radio infrastructure began, resulting in the increase in vouchers payable of \$6.2 million.

At December 31, 2014, unrestricted net position of \$11.9 million increased 31%, or \$2.8 million, over 2013. This resulted mainly from the increase in operating income. At December 31, 2013, unrestricted net position of \$9.1 million increased 55%, or \$3.2 million, over 2012.

The remaining portion of the Agency’s total net position (investment in capital assets to total net position) was 23% in 2014, 27% in 2013, and 34% in 2012. At the end of the most recent year end, there was a 4% increase in the investment in capital assets because of equipment purchased, offset by depreciation. There was an increase in capital assets at December 31, 2013 of 12%, from the end of 2012 because of new asset purchases. The Agency's capital assets are used to provide 911 communication services to citizens. Consequently, these assets are not available for future spending.

For the last three years, the Clark Regional Emergency Services Agency reports positive balances in both categories of net position.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

Statement of Changes in Fund Net Position

The Agency's ending net position increased by \$2.9 million in 2014 and \$3.6 million in 2013, which represents 23% and 40%, respectively, increased net position of CRESA. Following are the key elements of this increase in a condensed version of the Statement of Changes in Net Position for the Agency.

Change in the Clark Regional Emergency Services Agency Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues			
Operating Revenues			
Charges for Services	\$ 9,224,412	\$ 8,282,456	\$ 8,615,968
Intergovernmental Transfer	4,102,260	4,120,449	4,085,796
Nonoperating Revenues			
Operating Grant	781,066	532,600	1,306,871
Miscellaneous	26,846	29,029	103,309
Interest Earned	25,578	15,132	17,307
TOTAL REVENUES	<u>14,160,162</u>	<u>12,979,666</u>	<u>14,129,251</u>
Expenses			
Operating Expenses			
Salaries and Benefits	7,335,825	7,170,784	6,658,733
Other Services and Charges	2,733,755	1,919,351	3,375,842
Miscellaneous Expenses	737,929	285,325	337,706
Depreciation	432,066	414,117	286,550
Nonoperating Expenses			
Loss on Disposal of Assets	-	41,469	2,597
TOTAL EXPENSES	<u>11,239,575</u>	<u>9,831,046</u>	<u>10,661,428</u>
Income Before Contributions	2,920,587	3,148,620	3,467,823
Contributions	31,595	400,953	262,894
Increase in Net Position	<u>2,952,182</u>	<u>3,549,573</u>	<u>3,730,717</u>
Net Position - Beginning	<u>12,444,518</u>	<u>8,894,945</u>	<u>5,164,228</u>
Net Position - Ending	<u>\$ 15,396,700</u>	<u>\$ 12,444,518</u>	<u>\$ 8,894,945</u>

Total revenues increased over \$1.2 million (9%) from 2013 to 2014. The majority of this increase is due to revenues from "charges for services" which increased eleven percent (11%) from 2013 to 2014. User fees which make up the majority of the charges for services are established based on the needs of the agency, including provision of debt service and future capital outlay.

Total expenses increased by about \$1.4 million or 14% from 2013 to 2014. The expenses increased across the board due to increased activity related to replacement of the radio system.

Total revenues decreased over \$1.1 million (8%) from 2012 to 2013. The majority of this decrease is due to decreased operating grants and other fees. Revenues from "charges for services" also decreased slightly from 2012 to 2013. Total expenses decreased by approximately \$0.9 million, or 8%, from 2012 to 2013.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Clark Regional Emergency Services Agency's investment in property, plant and equipment as of December 31, 2014 is \$3,510,572 (net of accumulated depreciation). This investment in capital assets is made up solely of equipment and software. This reflects an increase in net noncurrent (capital) assets of approximately \$163,000 over 2013, due to equipment asset purchases exceeding routine depreciation expense.

Capital Assets (net of depreciation)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Intangible Assets - Software	\$ 1,371,780	\$ 1,497,520	\$ 1,615,130
Machinery and Equipment	1,722,741	1,849,578	805,863
Work in Progress	<u>416,051</u>	<u>-</u>	<u>562,650</u>
Total	<u>\$ 3,510,572</u>	<u>\$ 3,347,098</u>	<u>\$ 2,983,643</u>

Readers interested in more detail related to capital assets should read the capital asset notes in the notes to the financial statement found on page 12 of this report.

Long-Term Debt

At December 31, 2014 and 2013, the Agency had no long term debt other than compensated absences payable to employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Agency is primarily dependent upon funding from the City of Vancouver, Clark County and other various cities and political districts involved with the Agency. Beginning in 2012, 911 taxes collected by Clark County are paid to CRESA for provision of 911 call intake services. In 2014, this represents about 31% of operating revenues. This revenue has not been susceptible to decreases related to the economic downturn. While the Agency is not dependent upon typical taxes, decreases in taxes of other governments affect the Agency. These are some of the conditions and decisions that may significantly affect the future financial condition of the Agency:

- Federal grants from the Department of Homeland Security have been available in previous years to support communication efforts. Currently, with federal sequestration and significant grant reform proposals under review at national and state level, it is hard to forecast how much impact they will provide to meet the necessary upgrades and training requirements.
- In 2014, the Agency began the transition to the new radio system for Clark County. The majority of the user radios were purchased in 2014 by CRESA showing the expense and revenue as a pass through from the agencies. The radio backbone is expected to be completed by 2016 and will be paid in full at the completion of the project. There will not be any outstanding debt for the new system.
- In 2015 CRESA will no longer be the administrator of the EMS District #2 program. The revenues and expenditures for this program will decrease in 2015 and will be eliminated 2016.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

Requests for Information

This financial report is designed to provide a general overview of the Clark Regional Emergency Services Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Director, Clark Regional Emergency Services Agency, 710 W 13th Street, Vancouver, Washington, 98660.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
COMPARATIVE STATEMENT OF NET POSITION
December 31, 2014 and 2013

	<u>2014</u>		<u>Restated 2013</u>
Assets			
Current assets			
Cash, cash equivalents and pooled investments	\$ 12,968,856	\$	6,038,799
Accounts receivable	5,732,342		461,393
Due from other governments	372,341		619,157
Prepaid expense	<u>58,739</u>		<u>-</u>
Total current assets	19,132,278		7,119,349
Noncurrent assets			
Capital assets, not being depreciated	416,051		-
Capital assets, being depreciated (net)	3,094,521		3,347,098
Assets in safekeeping	<u>-</u>		<u>2,927,654</u>
Total noncurrent assets	<u>3,510,572</u>		<u>6,274,752</u>
Total assets	<u>22,642,850</u>		<u>13,394,101</u>
Liabilities			
Current liabilities			
Vouchers payable	6,391,785		176,408
Due to other governments	-		1,354
Retainage payable	33,937		-
Accrued liabilities	320,784		307,773
Compensated absences payable	<u>46,764</u>		<u>46,405</u>
Total current liabilities	<u>6,793,270</u>		<u>531,940</u>
Noncurrent Liabilities			
Compensated absences payable	<u>452,880</u>		<u>417,643</u>
Total noncurrent liabilities	<u>452,880</u>		<u>417,643</u>
Total liabilities	<u>7,246,150</u>		<u>949,583</u>
Net position			
Investment in capital assets	3,510,572		3,347,098
Unrestricted	<u>11,886,128</u>		<u>9,097,420</u>
Total Net Position	<u>\$ 15,396,700</u>	<u>\$</u>	<u>12,444,518</u>

See accompanying notes to financial statements

CLARK REGIONAL EMERGENCY SERVICES AGENCY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2014 and 2013

	2014	Restated 2013
Operating revenues		
Charges for services	\$ 9,224,412	\$ 8,282,456
Intergovernmental	4,102,260	4,120,449
Total operating revenue	<u>13,326,672</u>	<u>12,402,905</u>
Operating expenses		
Employee salaries and benefits	7,335,825	7,170,784
Supplies	737,929	285,325
Other services and charges	2,733,755	1,919,351
Depreciation	432,066	414,117
Total operating expenses	<u>11,239,575</u>	<u>9,789,577</u>
Operating income (loss)	2,087,097	2,613,328
Nonoperating revenues (expenses)		
Interest earnings	25,578	15,132
Operating grants	781,066	532,600
Loss on disposal of capital assets	-	(41,469)
Miscellaneous	26,846	29,029
Total nonoperating revenues (expenses)	<u>833,490</u>	<u>535,292</u>
Income (loss) before contributions	2,920,587	3,148,620
Contributions	31,595	400,953
Increase in net position	2,952,182	3,549,573
Net position beginning of year	12,444,518	8,894,945
Net position end of year	<u>\$ 15,396,700</u>	<u>\$ 12,444,518</u>

See accompanying notes to financial statements

CLARK REGIONAL EMERGENCY SERVICES AGENCY
COMPARATIVE STATEMENT OF CASH FLOWS
Year Ended December 31, 2014 and 2013

	<u>2014</u>	<u>Reclassified 2013</u>
Cash flows from operating activities:		
Cash received from users	\$ 3,999,970	\$ 7,841,701
Cash received from other operating activities	2,954,500	355,033
Cash received from tax revenues	4,102,260	4,120,449
Cash payments for goods and services	2,389,468	(2,143,470)
Cash payments to employees	<u>(7,314,218)</u>	<u>(7,101,591)</u>
Net cash provided by (used in) operating activities	<u>6,131,980</u>	<u>3,072,122</u>
Cash flows from noncapital financing activities:		
Grant revenues received	<u>772,499</u>	<u>541,167</u>
Net cash provided by (used in) noncapital financing activities	<u>772,499</u>	<u>541,167</u>
Cash flows from capital and related financing:		
Deposits in safekeeping	-	(2,927,654)
Capital grant revenues received	31,595	-
Purchase of capital assets	<u>(31,595)</u>	<u>(418,858)</u>
Net cash provided by (used in) capital financing activities	<u>-</u>	<u>(3,346,512)</u>
Cash flows from investing activities:		
Investment interest	<u>25,578</u>	<u>15,132</u>
Net cash provided (used) by investing activities	<u>25,578</u>	<u>15,132</u>
Net increase (decrease) in cash and cash equivalents	6,930,057	281,909
Cash and cash equivalents at Jan. 1	<u>6,038,799</u>	<u>5,756,890</u>
Cash and cash equivalents at Dec. 31	<u>\$ 12,968,856</u>	<u>\$ 6,038,799</u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$ 2,087,097	\$ 2,613,328
Adjustments to reconcile net operating income (loss) to net cash provided by operations:		
Depreciation	432,066	414,117
Other non-operating revenues	(154)	29,029
Decrease (increase) in accounts receivable	(5,224,442)	(469,784)
Decrease (increase) in due from other governments	3,136,530	355,033
Decrease (increase) in prepaid items	(58,739)	54,470
Increase (decrease) in vouchers payable	5,678,432	22,900
Increase (decrease) in due to other governments	(1,354)	(501)
Increase (decrease) in accrued liabilities	<u>82,544</u>	<u>53,530</u>
Total Adjustments	<u>4,044,883</u>	<u>458,794</u>
Net cash provided (used) by operating activities	<u>\$ 6,131,980</u>	<u>\$ 3,072,122</u>
Non cash investing, capital and financing activities		
Disposal of capital assets	\$ 132,503	-
Donated assets from other agencies	-	400,953
Capital asset purchases financed by accounts payable	563,945	-
See accompanying notes to financial statements		

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Clark Regional Emergency Services Agency (CRESA) conform to generally accepted accounting principles as applied to local governmental units. The more significant accounting policies are described below.

A. The Reporting Entity

The Clark Regional Emergency Services Agency (CRESA) was created by agreement under the Interlocal Cooperation Act (RCW 39.34) between Clark County and various cities and other political districts. CRESA provides regional 9-1-1 dispatch services, a regional 800 MHz and conventional radio system and services, emergency medical contract services for EMS District #2 and regional emergency management services in all incorporated and unincorporated areas of Clark County.

CRESA (Agency) is a special purpose government that provides emergency communications services between the public and local government public safety departments. There are no component units that should be included.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements consist of the statement of net position, the statement of changes in net position and the statement of cash flows. These statements report information on the activity of this single purpose government.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are emergency management per capita fees and charges to other governments for public safety communication services. Operating revenues also include 9-1-1 tax revenue collected by Clark County and paid to the Agency, reported as intergovernmental. The use of the operating classification for tax revenue is a departure from GAAP. Operating expenses for this enterprise fund include the cost of personnel and contractual services and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The presentation of taxes as operating revenue results in an operating income that is higher than a nonoperating revenue presentation by the amount of the tax receipts. Overall, it does not affect presentation of net income or the change in net position in the statement of revenues, expenses and changes in fund net position, or the presentation of cash and cash equivalents in the statement of cash flows.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

The Agency budgets on the full accrual basis. Each year the director presents to the Administrative Board a proposed budget for operation of the Agency for the next calendar year. The budget is prepared in accordance with the Agency's budget timetable. The annual budget is adopted by a nine

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

member Administrative Board composed of the Clark County Administrator, the City of Vancouver Police Chief designee, Mayor from a represented small city designee, the Clark County Sheriff, a Police representative, a Vancouver Fire Department representative, a representative of an EMS district and filling the seat of the Chief Financial Officer of a large business, a representative from the financial business community. The budget is prepared for managerial control and can be amended only by Board approval.

D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Pooled Investments

It is the Agency's policy to invest all temporary cash surpluses with Clark County. Clark County maintains cash and certain investments in a common pool. Investments are stated at fair value. For the purpose of the statement of cash flows, the Agency considers cash and cash equivalents to include cash and deposits, as well as pooled investments with original maturities of three months or less from the date of acquisition.

2. Receivables

Receivables consist of amounts owed from private individuals or unpaid assessments from governmental entities for services provided.

3. Prepaid expense

Prepaid expense includes payment for maintenance and similar services extending to future accounting periods.

4. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Intangible assets consist of software. Donated assets are valued at their fair market value on the date donated. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation and amortization is reported on the statement of net position. Depreciation and amortization have been provided over the estimated useful lives using the straight-line method. The estimated useful lives are 5 years for office equipment, 7 - 25 years for communications equipment and software and 20 years for buildings.

5. Assets in Safekeeping

This represents amounts transferred to Clark County's 911 Equipment Replacement Fund to be used for future radio replacement. This amount was being held by the county on behalf of the Agency. At December 31, 2014, all funds have been transferred back to the Agency.

6. Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

7. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Agency records unpaid leave for compensated absences as an expense and liability when incurred.

CLARK REGIONAL EMERGENCY SERVICES AGENCY**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014 and 2013

Vacation pay may be accumulated up to a maximum of two-times an employee's annual accrual rate. Accrual rates are determined by employee classification and years of service. The maximum accrual of 512 hours or 32 days is payable upon resignation, retirement or death. Accumulated unpaid sick leave under 300 hours is not included in compensated absences.

2. DEPOSITS AND INVESTMENTS

The Clark County Treasurer is empowered by the State to act as fiduciary for the County and other taxing districts, which includes the deposit and prudent investment of public funds as legally prescribed by the laws of the State of Washington. The Clark County Treasurer acts as fiduciary for the Agency and administers an investment pool in which the Agency participates. This pool is not registered with the Securities and Exchange Commission. Regulatory oversight is provided by the Clark County Treasurer's Office Finance Committee, which by statute consists of the Treasurer, the Auditor and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060. The fair value of the Agency's position in the pool is the same as the value of the pool shares.

Qualified bank depositories are those specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of banker's acceptances, U.S. Treasury bills and certain other government agency obligations. Clark County policy dictates that all investment instruments other than certificates of deposit and the Washington State Investment Pool be transacted on the delivery versus payment basis.

The Agency's interest in the pool at December 31, 2014 and 2013 was \$12,968,856 and \$6,038,799 respectively, which is stated at fair value. Investments in the County's pool are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool.

3. CHANGES IN CAPITAL ASSETS

A summary of the changes in capital assets follows:

	<u>01/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/14</u>
Non-depreciable capital assets:				
Work in Progress	\$ -	\$ 416,051	\$ -	\$ 416,051
Total non-depreciable capital assets	-	416,051	-	416,051
Depreciable capital assets:				
Intangible assets - software	1,873,114	-	-	1,873,114
Office equipment	202,641	-	-	202,641
Communications equipment	<u>3,587,598</u>	<u>179,489</u>	<u>132,503</u>	<u>3,634,584</u>
Total depreciable capital assets	5,663,353	179,489	132,503	5,710,339
Less accumulated depreciation for				
Intangible assets	(375,594)			(375,594)
Equipment	<u>(1,940,661)</u>	<u>(432,066)</u>	<u>(132,503)</u>	<u>(2,240,224)</u>
Total accumulated depreciation	<u>(2,316,255)</u>	<u>(432,066)</u>	<u>(132,503)</u>	<u>(2,615,818)</u>
Total depreciable capital assets, net	<u>3,347,098</u>	<u>(252,577)</u>	<u>-</u>	<u>3,094,521</u>
Net capital assets	<u>\$ 3,347,098</u>	<u>\$ 163,474</u>	<u>\$ -</u>	<u>\$ 3,510,572</u>

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

	<u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/13</u>
Capital assets not being depreciated				
Work in Progress	\$ 562,650	\$ -	\$ 562,650	\$ -
Total capital assets, not being depreciated	<u>562,650</u>	<u>0</u>	<u>562,650</u>	<u>0</u>
Depreciable capital assets				
Intangible assets - software	1,864,984	8,130	-	1,873,114
Office equipment	299,238	7,477	104,074	202,641
Communications equipment	<u>2,271,496</u>	<u>1,366,084</u>	<u>49,982</u>	<u>3,587,598</u>
Total depreciable capital assets	4,435,718	1,381,691	154,056	5,663,353
Less accumulated depreciation for				
Intangible assets	(249,854)	(125,740)	-	(375,594)
Equipment	<u>(1,764,871)</u>	<u>(288,377)</u>	<u>(112,587)</u>	<u>(1,940,661)</u>
Total accumulated depreciation	<u>(2,014,725)</u>	<u>(414,117)</u>	<u>(112,587)</u>	<u>(2,316,255)</u>
Total depreciable capital assets, net	<u>2,420,993</u>	<u>967,574</u>	<u>41,469</u>	<u>3,347,098</u>
Net capital assets	\$ <u>2,983,643</u>	\$ <u>967,574</u>	\$ <u>604,119</u>	\$ <u>3,347,098</u>

4. DEFINED CONTRIBUTION PENSION PLAN

The Agency's retirement plan is a 401(K) profit sharing, defined contribution pension plan established to provide benefits at retirement to all participating, vested employees of the Agency. This plan is administered by ICMA Retirement Corporation. At December 31, 2014 and 2013, there were 85 and 75 plan members, respectively. Plan members' minimum elective contribution rate is 7.31%. They may contribute up to \$17,500 for members less than 50 years of age and up to \$23,000 for members over 50 years of age. The basic employer contribution rate is 7.31% of each participant's elective compensation. Plan provisions and contribution requirements are established and may be amended by the Agency. Plan investments are reported at fair value.

Eligibility Requirements:

Entry Dates:	First day of each month
Minimum Service:	None
Minimum Age Requirement:	18
Included Employees:	All employees

Benefit Information:

Vesting Schedule:	
1 through 4 years of service	0%
5 years of service	100%

The required contribution rates expressed as a percentage of covered payrolls, as of December 31, 2014 and 2013 were:

Employee (minimum)	7.31%
Employer	7.31%

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

The actual contributions made to the plan for the years ended December 31, were:

	Employer Contributions	Employee Contributions
2014	\$394,653	\$437,856
2013	383,337	407,139
2012	360,652	381,006
2011	349,470	385,328

5. RISK MANAGEMENT

The Agency is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 175 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

6. OPERATING LEASES

The Agency is obligated under certain leases accounted for as operating leases. These represent lease of land for radio towers. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Agency's statement of net position. Increases in rent, if any, are contingent upon the consumer price index at defined intervals.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2014:

<u>Year Ending December 31</u>	<u>Total</u>
2015	213,688
2016	200,856
2017	58,113
2018	19,874
2019	19,874
2020-2021	<u>39,746</u>
Total minimum payments required	<u>\$ 552,151</u>

Total minimum payments required at December 31, 2014 were \$552,151. Total rent expense for the year ended December 31, 2014 and 2013 was \$206,653 and \$201,120, respectively.

7. CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2014 and 2013, the following changes occurred in long-term liabilities:

	<u>01/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/14</u>	<u>Due within one year</u>
Compensated Absences	\$ 464,048	\$ 35,596	\$ 0	\$ 499,644	\$ 46,764
Total long-term liabilities	<u>\$ 464,048</u>	<u>\$ 35,596</u>	<u>\$ 0</u>	<u>\$ 499,644</u>	<u>\$ 46,764</u>

	<u>01/01/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/13</u>	<u>Due within one year</u>
Compensated Absences	\$ 435,474	\$ 3,311,581	\$ 3,283,007	\$ 464,048	\$ 46,405
Total long-term liabilities	<u>\$ 435,474</u>	<u>\$ 3,311,581</u>	<u>\$ 3,283,007</u>	<u>\$ 464,048</u>	<u>\$ 46,405</u>

8. RELATED PARTY TRANSACTIONS

The Agency is involved in a related party transaction with Clark County. Clark County collects telephone access fees (911 taxes) that were used to pay for a county bond issue that financed the Agency's building and radio equipment. On December 31, 2009, the building bond was paid off. The equipment bond was paid off in 2014, and the Agency no longer has any debt outstanding. The 911 tax was used in 2010 for payment of the radio equipment bond, CAD operating costs and transfers to the County Radio Replacement fund (3087) for future equipment replacement. Effective January 1, 2011, the 911 tax can only be used to offset qualifying 911 expenses, leaving the funding for the future radio replacement the responsibility of the Agency's stakeholders. At December 31, 2014 and 2013, all 911 tax received by the Agency was used for qualifying expenses. \$4,102,260 and \$4,102,449 was transferred in 2014 and 2013, respectively.

The Agency is replacing its radio infrastructure, and user agencies will acquire new field radios. This will be funded as a direct pass through CRESA to the user agencies based upon their needs and current ability to pay. Agencies that are currently underfunded can finance their purchase through a Lease program that Motorola is offering. Through this program CRESA would be the lead agency and signatory to the Lease. User agencies that finance will sign a separate agreement to reimburse CRESA for their individual portion of the lease amount. At December 31, 2014, leases in the amount of \$747,055 were entered into.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

9. JOINTLY ADMINISTERED ORGANIZATION

The Agency is involved in Region IV, a jointly administered organization established by the State of Washington Emergency Management Division. Region IV is used to distribute public safety grants to Clark, Cowlitz, Skamania and Wahkiakum Counties. Region IV receives grants based upon an allocation performed by the State of Washington. The Agency receives the grants on behalf of Region IV and distributes the proceeds to the governments within the Region IV Council. The nature and expenditure of the grants is determined by the grant programs received. A portion of the grant is used to pay for an Emergency Management Coordinator position or part-time position at each County, as well as indirect costs and management and administrative expenses incurred by the Agency.

10. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Agency has an active construction project as of December 31, 2014. In November 2014, a contract was signed with Motorola to provide new infrastructure, field equipment and ongoing support, as Motorola has advised they will no longer support the current analog radio system after 2015. The total cost over the ten year contract is projected to be \$13,749,212; \$9,760,940 for new infrastructure, \$3,688,272 in ongoing support costs, and \$300,000 in project management fees. Infrastructure will be funded through accrued reserves and future user fees. Ongoing support will be funded either with current ongoing fees which the Agency has in place or through a to-be-determined shared user fee structure. The new system will be operational by the end of 2016.

At year end, the Agency's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Radio Infrastructure Replacement	\$ 416,051	\$ 9,644,889

At year end, the Agency's other commitments are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Infrastructure support agreement	\$ -	\$ 3,688,272

Of the committed balance of \$13,333,161, the Agency does not need to raise additional funds to cover the commitment.

11. SUBSEQUENT EVENTS

Since 1992, CRESA has performed the emergency medical contract oversight for EMS District #2 which included the City of Vancouver and certain fire districts within Clark County under an interlocal agreement. In addition to the City of Vancouver not renewing the interlocal agreement, the smaller fire districts will now contract with the City of Vancouver for ambulance services. In 2015, there will no

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

longer be a need for the Emergency Services Program which maintained 2.5 FTEs, decreasing the expenses and revenue for the agency. The actual loss of revenue will be computed in 2015.

12. RESTATEMENT

The 2013 column of the Statement of Revenues, Expenses and Changes in Fund Net Position presents a \$35,567 restatement. In part, this represents, \$27,000 for a payable to Clark County for employee expenses which the county continued to pay after that employee transferred to CRESA and a change in employee salaries and benefits. An additional reduction of receivable and operating grants of \$8,567 was made for grant revenue accrued in error in 2013.

Clark Regional Emergency Services Agency

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Schedule 16
Page 1 of 1

Federal Agency Name/Pass Through Agency Name	Federal Program Name	CFDA Number	Other Identification Number	Total Indirect Federal Expenditures	Foot Note Ref
Department of Homeland Security/ Clark County	Urban Areas Security Initiative	97.008	UA11-170 Regional Staffing Project (6916-804-870) Budget Line Item UA11-170, 0004	37,532	
Department of Homeland Security/ Clark County	Urban Areas Security Initiative	97.008	UA12-170 Regional Staffing Project (6916-806-870) Budget Line Item UA12-170, 0004	19,608	
			Subtotal	\$ 57,140	
Federal Emergency Management Agency/ Washington State Emergency Management Division	Emergency Management Performance Grants	97.042	E14-189 (EMW-2013-EP-00050-S01) (Fund 6916, 742) Revenue (6916.000.870.333971)	44,482	2
Federal Emergency Management Agency/ Washington State Emergency Management Division	Emergency Management Performance Grants	97.042	E15-155 (EMW-2014-EP-00033) (Fund 6916, 742) Revenue (6916.000.870.333971)	70,361	2
			Subtotal	\$ 114,843	
Department of Homeland Security/ Washington State Military Department	Citizen Corps '11	97.067	OFM K1035 (764)	2,307	
			Subtotal	\$ 2,307	
Department of Homeland Security/ Washington State Region IV	Homeland Security Grant Program	97.067	E12-246 (765, 768) Region IV	232,086	
Department of Homeland Security/ Washington State Military Department	Homeland Security Grant Program Citizen Corps '12	97.067	E12-246 (773) Region IV	3,416	
Department of Homeland Security/ Washington State Region IV	Homeland Security Grant Program	97.067	E13-148 (770) Region IV	244,922	
Department of Homeland Security/ Washington State Region IV	Homeland Security Grant Program	97.067	E14-156 (774, 775, 776) Region IV	104,072	
Department of Transportation Washington State Military Department	Hazardous Material Emergency Preparedness Grant	20.703	E14-183, HMEP, HMP-0369-13-01-00 (757.870.605)	6,056	
			Subtotal	\$ 590,552	
			TOTAL FEDERAL EXPENDITURES	\$ 764,843	

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the agency's financial statements. The agency uses the full accrual basis of accounting.

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 agency's portion, are more than shown.

Note 3 - AMOUNTS AWARDED TO SUBRECIPIENTS:

Included in the total amount expended for the following programs are amounts passed through to subrecipients that administered its own projects:

ABOUT THE STATE AUDITOR'S OFFICE

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

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