



**Washington State Auditor's Office**

Government that works for citizens

**Financial Statements Audit Report**  
**Spokane County Fire Protection**  
**District No. 4**

**For the period January 1, 2015 through December 31, 2015**

**Published July 21, 2016**

**Report No. 1017104**





## Washington State Auditor's Office

July 21, 2016

Board of Commissioners  
Spokane County Fire Protection District No. 4  
Chattaroy, Washington

### Report on Financial Statements

Please find attached our report on Spokane County Fire Protection District No. 4's financial statements.

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

Sincerely,

A handwritten signature in dark ink that reads "Troy X. Kelley". The signature is written in a cursive style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

## TABLE OF CONTENTS

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards .....	4
Independent Auditor's Report On Financial Statements .....	7
Financial Section.....	11
About The State Auditor's Office.....	20

**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**

**Spokane County Fire Protection District No. 4  
January 1, 2015 through December 31, 2015**

Board of Commissioners  
Spokane County Fire Protection District No. 4  
Chattaroy, 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 Spokane County Fire Protection District No. 4, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated June 28, 2016.

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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

June 28, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Spokane County Fire Protection District No. 4 January 1, 2015 through December 31, 2015**

Board of Commissioners  
Spokane County Fire Protection District No. 4  
Chattaroy, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Spokane County Fire Protection District No. 4, Washington, for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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, Spokane County Fire Protection District No. 4 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 Spokane County Fire Protection District No. 4, for the year ended December 31, 2015, 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 Spokane County Fire Protection District No. 4, as of December 31, 2015, 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 Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 June 28, 2016 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

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

A handwritten signature in dark ink, reading "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

June 28, 2016

## **FINANCIAL SECTION**

### **Spokane County Fire Protection District No. 4 January 1, 2015 through December 31, 2015**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2015  
Notes to the Financial Statements – 2015

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

Schedule of Liabilities – 2015

**Spokane County Fire Protection District No. 4**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2015**

		<b>Total for All Funds (Memo Only)</b>	<b>009 Expense</b>	<b>213 Debt Service</b>	<b>311 Capital Projects</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	13,590,993	3,970,324	64,655	9,556,014
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	5,824,608	5,164,950	659,658	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	26,023	24,283	1,740	-
340	Charges for Goods and Services	355,313	355,313	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	98,611	32,105	1,468	65,038
Total Operating Revenues:		6,304,555	5,576,651	662,866	65,038
<b>Operating Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	4,872,843	4,872,843	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		4,872,843	4,872,843	-	-
Net Operating Increase (Decrease):		1,431,712	703,808	662,866	65,038
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	22,834	22,834	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		22,834	22,834	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	625,991	-	625,991	-
594-595	Capital Expenditures	2,108,955	193,008	-	1,915,947
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		2,734,946	193,008	625,991	1,915,947
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>(1,280,400)</b>	<b>533,634</b>	<b>36,875</b>	<b>(1,850,909)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	12,310,593	4,503,958	101,530	7,705,105
<b>Total Ending Cash and Investments</b>		<b>12,310,593</b>	<b>4,503,958</b>	<b>101,530</b>	<b>7,705,105</b>

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

## Spokane County Fire Protection District 4

### Notes to the Financial Statements For the Year Ended December 31, 2015

#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Spokane County Fire Protection District 4 was incorporated in 1945 and operates under the laws of the state of Washington applicable to a special purpose government. The District is a special purpose local government and provides fire protection services and emergency medical services to the general public and is supported primarily through property taxes.

Spokane County Fire Protection District 4 reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES:**

##### General Fund-Expense Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund. The fund is coded 009.

##### Bond Fund (Debt Service Fund)

This fund accounts for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt. The fund is coded 213.

##### Capital Projects Fund (2014 Projects Fund)

This fund accounts for financial sources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets. The fund is coded 311.

## **FIDUCIARY FUND TYPES:**

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

### Clearing Fund (Agency Fund)

This fund accounts for the issuance and redemption of accounts payable and payroll warrants issued by the government. The fund was established by Resolution #07-04 on October 13, 2004. This fund is not included in the financial statements per the instruction of the State Auditor's Office (SAO). This fund is coded 010.

## **B. Basis of Accounting and Measurement Focus**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

## **C. Budgets**

The Spokane County Fire Protection District 4 adopts annual appropriated budgets for the Expense, Debt Service, and Capital Project funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<b>Fund</b>	<b>Final Appropriated</b>	<b>Actual Expenditures</b>	<b>Variance</b>
<b>Expense Fund</b>	\$ 5,338,021.00	\$ 5,065,851.20	\$ 272,169.80
<b>Debt Service Fund</b>	\$ 625,991.00	\$ 625,991.28	\$ (0.28)
<b>Capital Project Fund</b>	\$ 9,553,938.09	\$ 1,915,947.03	\$ 7,637,991.06

Budgeted amounts are authorized to be transferred between programs or departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, must be approved by the Spokane County Fire Protection District 4 Board of Commissioners.

## **D. Cash and Investments**

See Note 3, *Investments*.

## **E. Capital Assets**

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

## **F. Compensated Absences**

Vacation leave may be accumulated up to 50 days and is payable upon separation or retirement. Sick leave may be accumulated up to 1200 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

## **G. Long-Term Debt**

See Note #4, *Debt Service Requirements*

## **H. Risk Management**

The District maintains insurance against most normal hazards except for unemployment insurance, where it has elected to become self-insured. The District is insured through VFIS, for Commercial Auto/Property and Commercial Crime. The deductibles are as follows: Property--\$5,000 and Auto--\$3,000, and Crime Policy has zero deductible. In 2015, there were no Auto Liability claims. The 2015 Unemployment included 2 claims for a total of \$2,552. These are paid from the General Expense Fund.

## **I. Reserved Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Fire Commissioners.

The District Expense Fund has four assigned fund balance accounts, with internal restrictions, totaling \$2,655,323.86 as of December 31, 2015. These accounts are as follows:

**1) Equipment Replacement Account-** The account was established by Resolution #05-02 on March 25, 2002. The resolution approved the funding of the account with the Expense Fund's prior year interest earnings, delinquent tax collections and equipment sales. Later, the annual funding sources were found to be inadequate to accomplish the purpose of the account, so Resolution #08-05 on May 9, 2005 was passed amending the prior resolution to state the account would be funded at the beginning of each year by moving an amount from the Expense Fund's undesignated unreserved fund balance account determined by an equipment replacement schedule established by the District. **The account balance as of December 31, 2015 was \$1,115, 060.73.**

**2) Catastrophic Reserve Account-** The account was established by Resolution #05-02 on March 25, 2002. The account was originally called the "Maintenance and Operations Reserve Account". It was funded by eliminating the District's Maintenance and Operations Reserve Fund and moving the fund's cash balance into the account. Later, the Board of Fire Commissioners changed the name of the account to "Catastrophic Reserve" to reflect its real purpose (to restrict monies to offset potential losses due to a catastrophic event) and establish a minimum dollar level for the account and a funding source for that purpose (the level of no less than 10% of the Expense Fund's annual operating budget and source of funds to come from the Expense Fund's undesignated unreserved fund balance account). These changes were approved by Resolution #03-04 on June 14, 2004. Another resolution (#04-11) was approved in 2011 changing the percentage of budget from 10% to 5%. **The account balance as of December 31, 2015 was \$266,901.05.**

**3) Contributions Account-** The account was also established by Resolution #05-02 on March 25, 2002. It was originally funded by eliminating the District's Contributions Fund and moving the fund's cash balance into the account. The account was then funded each year by moving all of the Expense Fund's prior year unexpended donations into the account from the funds' undesignated unreserved fund balance account. This funding method was changed by Resolution #05-12 approved on May 29, 2012. It restricted the funding to donations other than address sign donations. **The account balance as of December 31, 2015 was \$38,868.08.**

**4) Facilities Reserve Account-** The account was established by Resolution #03-11 on February 14, 2011. This account is funded once a year based on the recommendation of the Fire Chief. The source of funding will be from the Expense Funds' undesignated unreserved fund balance account. **The account balance as of December 31, 2015 was \$ 1,234,494.00.**

*In prior Annual Reports, the total of these four accounts was reflected in the Expense Funds' financial statement and Schedule 1 as "Reserved Cash and Investments". At a BARS Cash Basis Accounting and Reporting class on February 17, 2015, the District was informed by a Representative of the State Auditor's Office that these accounts are not specific enough and therefore do not qualify to be classified as such. The total of these four accounts are now reflected in this report in the "Unreserved Cash and Investment" account.*

## **NOTE 2—PROPERTY TAXES**

The Spokane County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month, except for the month of December when taxes are distributed at the end of the month.

Property tax revenues are recognized when cash is received by District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The District's regular levy for the year 2015 was \$1.50 per \$1,000 on an assessed valuation of \$2,802,730,939 for a total regular levy of \$4,204,096.41, and the District's EMS levy was \$.330 per \$1,000 for a total of \$924,901.21. Additionally, the District's bond levy was \$.237 per \$1000, for a total of \$657,291.00.

## **NOTE 3--INVESTMENTS**

As required by state law, RCW 52.16.010, the County Treasurer is the financial agent of the District and custodian of the District's cash and investment.

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the County or its agent in the County's name.



Investments are reported at amortized cost. Investments by type at December 31, 2015 are as follows:

	<u>Carrying Amount</u>
Investments in County Treasurer's Investment Pool as of 12/31/15	<b>\$12,300,592.97*</b>

*\*This investment figure represents the THREE funds' (Expense, Debt Service, and Capital Projects) cash balances, minus the Expense Fund's petty cash accounts (\$10,000.00).*

#### **NOTE 4 – DEBT SERVICE REQUIREMENTS**

Fire Protection District 4's long-term debt is Governmental fund type debt. Its Government fund type long-term debt as of 12/31/2015 consists of general obligation bonds issued in November 2014, and a value for compensated absences and net pension liabilities.

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 year ended December 31, 2015.

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

<u>Calendar Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31			
2016	350,000.00	290,518.00	640,518.00
2017	365,000.00	283,518.00	648,518.00
2018	380,000.00	276,219.00	656,219.00
2019	400,000.00	268,619.00	668,619.00
2020	415,000.00	260,619.00	675,619.00
2021-2025	2,460,000.00	1,086,595.00	3,546,595.00
2026-2030	3,260,000.00	556,537.00	3,816,537.00
2031	765,000.00	30,600.00	795,600.00
<b>Total</b>	<b><u>\$8,395,000.00</u></b>	<b><u>\$3,053,225.00</u></b>	<b><u>\$11,448,225.00</u></b>

#### **NOTE 5—PENSION PLANS**

Substantially all District full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

Public Employees' Retirement System (PERS) Plans 1 and 2

Law Enforcement Officers' and Firefighters' Retirement (LEOFF) Plan 2

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### **Other Retirement Systems-Volunteer Firefighters' Relief and Pension Fund**

The District also participates in the Volunteer Fire Fighters' Fund (VFFRPF) administered by the State Board of Volunteer Fire Fighters. Detailed information about the plan is included in the State of Washington CARFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

The Volunteer Firefighters' Relief and Pension Fund system is cost-sharing multiple-employer retirement system which was created by the Legislature in 1945 under Chapter 41.24 RCW. Membership in the system requires service with a fire department of an electing municipality of Washington State except those individuals covered by LEOFF or PERS. The system is funded through member contributions of \$30 per year; employer contributions of \$30 per year; and 40 percent of the Fire Insurance Premium Tax.

The District also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

At June 30, 2015 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability(Asset)	
PERS 1	0.002480%	\$129,727	L
PERS 1 UAAL	0.008772%	\$458,857	L
PERS 2 and 3	0.011331%	\$404,863	L
BVFF	0.910000%	(\$176,192)	(A)
LEOFF 1	0.001414%	(\$17,042)	(A)
LEOFF 2	0.027198%	(\$279,541)	(A)

### **NOTE 6—LEOFF 1 RETIREES**

As of December 31, 2015, the District had one LEOFF 1 retiree and no active ones. The 2015 medical insurance cost for the one individual was \$17,835.14.

**Spokane County Fire Protection District No. 4**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2015**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>General Obligations</b>						
251.12	GO Bonds Voted	12/1/2031	8,715,000	-	320,000	8,395,000
	<b>Total General Obligations:</b>		<b>8,715,000</b>	<b>-</b>	<b>320,000</b>	<b>8,395,000</b>
<b>Revenue Obligations</b>						
259.12	Compensated Absences		99,170	62,053	-	161,223
264.30	Pension Liabilities		-	993,447	-	993,447
	<b>Total Revenue Obligations:</b>		<b>99,170</b>	<b>1,055,500</b>	<b>-</b>	<b>1,154,670</b>
	<b>Total Liabilities:</b>		<b>8,814,170</b>	<b>1,055,500</b>	<b>320,000</b>	<b>9,549,670</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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