

Washington State Auditor's Office
Accountability Audit Report

**Thurston County Fire Protection District
No. 4
(Rainier Fire Department)**

Report Date
November 3, 2011

Report No. 1006924

Issue Date
December 27, 2011



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

December 27, 2011

Board of Commissioners
Rainier Fire Department
Yelm, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Rainier Fire Department's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

Rainier Fire Department
Thurston County
November 3, 2011

Audit Summary	1
Description of the District	2
Schedule of Audit Findings and Responses	4

Audit Summary

Rainier Fire Department Thurston County November 3, 2011

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Rainier Fire Department from January 1, 2009 through June 30, 2010.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open public meetings
- Accounting system review
- Financial condition

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we identified a condition significant enough to report as a finding:

- The District did not effectively reduced operating costs, resulting in a decline in its financial condition.

Description of the District

Rainier Fire Department Thurston County November 3, 2011

ABOUT THE DISTRICT

Thurston County Fire Protection District No. 4, doing business as Rainier Fire Department, was formed in 1952. The District provides fire prevention and suppression services and protection of life and property to a service area covering 40 square-miles in Thurston County.

An elected, three-member Board of Commissioners governs the District. The Board appoints a Chief of Administration and a Chief of Operations to oversee the District's daily operations as well as its seven volunteers.

For 2009 and 2010, the District operated jointly with Yelm Fire District with annual combined budgets of \$3 million and \$3.1 million, respectively. The two Districts operated under an inter-local agreement during 2009 and officially formed a Regional Fire Authority on July 1, 2010, with voter approval in February 2010.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:	Kathleen Devin
	Robert Johnson
	Jonathan Sprouffske

APPOINTED OFFICIALS

Chief	Rita Hutcheson
-------	----------------

DISTRICT CONTACT INFORMATION

Address:	Rainier Fire Department P.O. Box 777 Yelm, WA 98597
Phone:	(360) 458-2799
Website:	sethurstonfire.org

AUDIT HISTORY

We currently audit the District every two years. The District was free of findings in the prior two audits; however, we have reported a finding related to the District's financial condition in the current audit.

We will conduct future audits of the Regional Fire Authority, under which both Rainier and Yelm Fire Districts now operate. We will audit the Authority annually.

Schedule of Audit Findings and Responses

Thurston County Fire District No. 4 Rainier Fire Department January 1, 2009 through June 30, 2010

- 1. The District did not effectively reduced operating costs, resulting in a decline in its financial condition.**

Description of Condition

During the current audit, we identified concerns with the District's financial condition. The chart below shows the District's general fund cash balance since 2006:

Fiscal Year	General Fund Ending Balance
2006	\$ 303,209
2007	\$ 418,290
2008	\$ 591,351
2009	\$ 742,131
2010	\$ 304,000

Since the District merged into a Regional Fire Authority on July 1, 2010, we used the Authority's financial information to review financial condition from that point forward. The Authority's General Fund experienced a deficit cash balance for five of the first nine months during 2011, these deficits ranged from \$181,542 to \$548,743 as of September 30, 2011.

The Authority has taken steps to limit overtime pay and to reduce other less significant costs, but does not have a formal plan to improve its financial condition. The Authority is considering options recommended by a consultant. If no changes are made by the Authority, the consultant's estimated ending fund balance for 2011 is a deficit of \$392,167. An insufficient cash balance may limit the Authority's ability to meet financial obligations and pay its employees, and vendors of goods and services, in a timely manner.

In addition to the general fund, the Authority's Capital Projects Fund and the Bond Debt Fund had deficits of \$31,004 and \$8,409, respectively on December 31, 2010, but improved to positive fund balances of \$2 and \$31,382, respectively as of September 30, 2011.

Cause of Condition

Falling property values resulted in a decline to the District's and Authority's tax revenue. The Authority also increased its expenses by increasing overtime hours, hiring a new firefighter and by hiring a new Assistant Chief at the end of 2010.

Effect of Condition

The Authority cannot be sure it can continue to provide services at current levels or meet its operating expenses.

Recommendation

We recommend Authority officials closely monitor financial operations to ensure it is able to meet its obligations and avoid interest charges from the County. We further recommend the Authority adopt and monitor a formal plan to improve its financial condition.

District's Response

The District accepts the Recommendation of the Auditor's Office. The District has recently completed the strategic plan process that was outlined in the Regional Fire Authority Plan. As a result of the strategic plan and the reduction in revenue received by the District, the board has reopened contracts with both unions for conciliatory bargaining, provided layoff notices to staff who may be affected, and continued to reduce operating expenses. It is the intent of the Board of Fire Commissioners to adopt a formal plan to improve its financial condition and to comply with all state budgeting requirements.

Auditor's Remarks

We appreciate the Authority's commitment to resolving the issues noted. We will review the status during the next audit.



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.

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

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

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

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

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

State Auditor
Chief of Staff
Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

Brian Sonntag, CGFM
Ted Rutt
Doug Cochran
Jerry Pugnetti
Chuck Pfeil, CPA
Larisa Benson
Jim Brittain, CPA
Jan Jutte, CPA, CGFM
Ivan Dansereau
Mike Murphy
Mindy Chambers
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
<https://www.sao.wa.gov/EN/News/Subscriptions/>