



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

East Pierce Fire & Rescue

For the period January 1, 2017 through December 31, 2017

Published November 26, 2018

Report No. 1022587





Office of the Washington State Auditor

Pat McCarthy

November 26, 2018

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

Report on Financial Statements

Please find attached our report on East Pierce Fire & Rescue's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**East Pierce Fire & Rescue
January 1, 2017 through December 31, 2017**

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of East Pierce Fire & Rescue, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 31, 2018.

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 opinions 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.

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Pat McCarthy

State Auditor

Olympia, WA

October 31, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

East Pierce Fire & Rescue January 1, 2017 through December 31, 2017

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of East Pierce Fire & Rescue, for the year ended December 31, 2017, 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 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 opinion.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of East Pierce Fire & Rescue, for the year ended December 31, 2017, 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 East Pierce Fire & Rescue, as of December 31, 2017, 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 conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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 October 31, 2018 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 cursive script that reads "Pat McCarthy". The signature is written in dark ink and is positioned above the printed name.

Pat McCarthy

State Auditor

Olympia, WA

October 31, 2018

FINANCIAL SECTION

East Pierce Fire & Rescue January 1, 2017 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Notes to Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017

East Pierce Fire & Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 General	201 Debt	301 Capital
Beginning Cash and Investments					
30810	Reserved	6,600	6,600	-	-
30880	Unreserved	12,473,311	12,430,669	-	42,642
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	22,418,292	22,418,292	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	27,463	27,463	-	-
340	Charges for Goods and Services	3,255,519	3,255,519	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	118,494	118,174	-	320
Total Revenues:		25,819,768	25,819,448	-	320
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	24,678,233	24,678,233	-	-
Total Expenditures:		24,678,233	24,678,233	-	-
Excess (Deficiency) Revenues over Expenditures:		1,141,535	1,141,215	-	320
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	213,305	-	213,305	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	28,330	28,330	-	-
Total Other Increases in Fund Resources:		241,635	28,330	213,305	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	628,114	628,114	-	-
591-593, 599	Debt Service	213,305	-	213,305	-
597	Transfers-Out	213,305	213,305	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
Total Other Decreases in Fund Resources:		1,054,724	841,419	213,305	-
Increase (Decrease) in Cash and Investments:		328,446	328,126	-	320
Ending Cash and Investments					
5081000	Reserved	6,600	6,600	-	-
5088000	Unreserved	12,801,758	12,758,796	-	42,962
Total Ending Cash and Investments		12,808,358	12,765,396	-	42,962

The accompanying notes are an integral part of this statement.

East Pierce Fire & Rescue

For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

East Pierce Fire & Rescue was incorporated on January 1, 1963 and operates under the laws of the state of Washington applicable to a fire district. The District is a special purpose local government that provides fire protection and emergency medical services to the general public and is supported primarily through property taxes.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in 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

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. For reporting purposes, we include the Reserve Fund. This managerial fund accounts for specific revenue sources that are restricted or committed by the Board of Commissioners to expenditures for specified purposes of the District.

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

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.

State law allows the District to recognize expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period. However, Pierce County required receipt of all 2017 business by 10 am Thursday, January 4, 2018, so the District was limited to that window.

C. Budgets

The District adopts annual appropriated budgets for its General, Debt (GO Bond), and Capital 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.

It should be noted that when the budget resolutions were passed, the General Fund and the managerial fund contained within it (referred to as the "Reserve Fund") were recognized separately. The amounts presented in the annual report reflect the roll-up of that managerial fund into the General Fund.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$38,993,509	\$25,519,652	\$13,473,857
Debt (GO Bond) Fund	\$213,405	\$213,305	\$100
Capital Fund	\$42,825	\$0	\$42,825

Budgeted amounts are authorized to be transferred between line items within a division or to make technical corrections that do not alter the intent of the adopted budget; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the District's legislative body. The District passed Resolution 816 in March 2017, amending the original budget, to incorporate actual beginning fund balances and revisions.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

For the Fire Chief, Assistant Chiefs, and union personnel, sick leave is accumulated up to a maximum of 2500 hours. In the event of termination of employment, accumulated but unused sick leave is paid at the employee's regular rate of pay and according to the following schedule:

Reason for separation	Percent	Max hours accrued	Max hour paid out
Resignation or Layoff	12.5%	2500	312.5
Disability, Retirement, or Death	25%	2500	625
Line of Duty Death	100%	2500	2500

Any of those personnel who accrues more than the 2500 hour cap is paid for those hours at 25% of their base pay rate, buying the employee back down to the 2500 hour cap.

There is a modified arrangement for eight union members who transferred from the City of Bonney Lake to East Pierce on December 31, 1999. In the event of their resignation or layoff, payout is based on 25% of accumulated unused sick leave to a maximum of 720 hours. For disability, death, or retirement, payout is based on the percentage established by taking the member's total accrued sick leave on the books with the City as of December 31, 1999 to a maximum of 720 hours and dividing the total by 720 hours. The resulting percentage may be higher than 50% but in no case shall it be lower than 50%. That agreement will remain in effect unless superseded by a higher percentage for sick leave pay-off.

Administrative support personnel may accumulate up to 1400 hours of sick leave. These employees are compensated at their regular rate of pay in effect when permanently separated from employment in accordance with the following: resignation or layoff 12.5% of unused sick leave and disability, death, or retirement, 25%.

Vacation pay may be accumulated for salaried administrative personnel to a maximum of 400 hours annually for the Fire Chief and Assistant Chiefs. Administrative support personnel accrue vacation to a maximum of 240 hours (varies by tenure). Union personnel on 8- and 10-hour shifts may accumulate vacation 240 hours annually. Union personnel on 24-hour shifts may accumulate vacation of 360 hours annually. For union personnel, any vacation voluntarily accrued in excess of the maximum total is forfeited: any vacation that is involuntarily accrued in excess of the maximum is paid to the employee at the employee's normal straight time rate of pay. In the event of termination of employment, all employees will be reimbursed for all earned and accrued vacation hours.

Union personnel working 24-hour shifts are granted 120 hours of leave with pay in lieu of holidays at the beginning of each calendar year. Holiday leave must be used within the year earned, but personnel may sell back up to 96 hours at straight-time wage. Any employee who leaves the service of the employer for any reason receives their unused accrued holiday leave in pay or the equivalent in paid leave.

Compensatory Time may be accumulated to a maximum of 60 hours for hourly administrative

support personnel and 96 hours for union personnel. Accumulation is reduced by personnel taking time off or, for union personnel, by cash compensation at the employee's basic rate of pay in effect at the time of reimbursement. Administrative support personnel must use compensatory time in the calendar year in which it is earned.

The District's estimated liability for employee compensated sick, vacation, comp, and, for union personnel, holiday, time on December 31, 2017 was \$1,726,891.26. This calculation incorporates the 25% payout rates for all employees.

Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. 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 District's Board. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments for the General Fund consist of \$6,600, specifically \$5,000 for an Advance Travel checking account, \$1500 for a Petty Cash checking account, and \$100 in a Petty Cash cashbox. There are no legal restrictions on the District's use of reserve funds. The District has committed funds in the managerial Reserve Fund for use on facilities, equipment, employee termination/retirement liability, and a remodel of Edgewood Station 118. The Reserve Fund balance at year end was \$5,150,280.80. Because this is a managerial fund, its balance is captured in the General Fund totals. The General Fund's balance at year end was \$12,765,395.82, including the managerial Reserve Fund and \$6,600 imprest accounts noted.

The Capital Fund is committed for projects as directed by the Board. The Capital Fund balance at year end was \$42,961.97.

Note 2 - Property Tax

The Pierce County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Property tax levied on District-served territory in King County is collected by King County and forwarded to Pierce County for deposit to the District's accounts. Collections are distributed at the end of each month.

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

The District's regular levy for the year 2017 was \$1.387249679407 per \$1,000 on an assessed valuation of \$11,901,685,569 for a total regular levy of \$16,510,609.49.

The District's Emergency Medical Services (EMS) levy for the year 2017 was \$0.50 per \$1,000 on an assessed valuation of \$11,938,760,937 for a total EMS levy of \$5,969,380.47.

Note 3 – Deposits and Investments

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

All County-held deposits are covered by the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the Pierce County Treasurer as its agent in the District's name. The District has separate bank accounts for Advance Travel, ambulance transport, credit card receipts (largely public education class fees), and Petty Cash Checking, all covered by federal depository insurance (FDIC). Transport and credit card receipts are regularly transferred to the County.

Investments are reported at fair value. Investments by type at December 31, 2017 are as follows:

Type of Investment	Deposits	Held by Pierce	
		County	Total
General Fund	\$0	\$12,734,831	\$12,734,831
G.O. Bond Fund	0	0	0
Capital Fund	0	42,962	42,962
Cash in Transit	23,995	0	23,995
Imprest: Bank + Petty Cash Box	6,600	0	6,600
Total deposits and investments	\$30,595	\$12,777,793	\$12,808,388

Note 4 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2017.

The District's debt service requirements, shown below, consist of principal and interest payments on General Obligation Bonds issued in May 2012. Payments were interest-only through June 2017, with the first principal component paid December 1, 2017. The bonds funded the purchase of property for a new headquarters station in Bonney Lake.

	Principal	Interest	Total Debt
2017	\$ 140,000	\$ 73,005	\$ 213,005
2018	145,000	70,765	215,765
2019	145,000	68,445	213,445
2020	150,000	66,125	216,125
2021	150,000	62,825	212,825
2022-2026	825,000	248,025	1,073,025
2027-2031	970,000	104,475	1,074,475
Totals	\$ 2,525,000	\$ 693,665	\$ 3,218,665

Note 5 - Pension Plans

Substantially all of the District's full-time and qualifying part-time employees participate in the Public

Employees Retirement System (PERS) or the Law Enforcement Officers & Fire Fighters Retirement System (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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.

The District 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.

The District also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2017 (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	0.006698%	\$ 317,825
PERS 2/3	0.008615%	\$ 299,330
LEOFF 2	0.476704%	(\$6,615,107)
VFFRPF	0.21%	(\$78,007)

Note 6 – Risk Management

The District carries commercial property and liability insurance policies. The coverage in 2017 is summarized below:

PROPERTY –Buildings: Guaranteed Replacement Cost valuation with 4% Inflation Guard
Contents: Blanket Coverage-Replacement Cost valuation with 4% Inflation Guard
Deductibles: \$5,000 property / \$1,000 flood / 2% earthquake
Special Property Floater: 1996 golf cart \$7,500 replacement cost/ \$250 deductible
GENERAL LIABILITY – \$1,000,000 per occurrence / \$10,000,000 aggregate limit

Also:

Professional Healthcare Liability: \$1,000,000 per occurrence
Owned Watercraft Liability: \$1,000,000 per occurrence
Maritime Liability: \$1,000,000 per occurrence
Employers Liability (WA Stop Gap):
 Bodily injury by accident-\$1,000,000 each accident
 Bodily injury by disease-\$1,000,000 each employee or volunteer
 Bodily injury by disease-\$2,500,000 policy limit
MANAGEMENT LIABILITY – (Claims made basis):
 Wrongful acts-\$1,000,000 per occurrence / \$10,000,000 aggregate limit
 Each action for injunctive relief-\$50,000
 Cyber Liability-\$1,000,000 each electronic info security event
 Privacy Crisis Mgt Expense-\$50,000 each privacy event / \$50,000 aggregate limit
BUSINESS AUTO – Coverage-\$1,000,000 per accident
 Auto physical damage deductibles: \$250 comprehensive / \$250 collision
 Coverage for on-duty employees/volunteers/commissioners-primary liability coverage for personal autos
 Vehicle valuation-Agreed Values:
 Engines-Primary \$750,000; Reserves \$200,000/Aerial \$1,200,000
 Medics \$160,000 / Brush Vehicles \$140,000 / Tender \$550,000
 Staff vehicles & Trailers-Various Agreed Values
 3 Service vehicles-Actual Cash Value
 4 Antique vehicles-1951 IHC \$10,000 / 1947 Int'l \$15,000 / 1932 Kenworth & 1929 Howard – liability only
EXCESS LIABILITY – Provides coverage in excess of the primary liability policy limits
 \$10,000,000 per occurrence / \$20,000,000 aggregate limit
PORTABLE EQUIPMENT – Deductible: \$250
 Blanket coverage-Guaranteed Replacement Cost
 Scheduled item-1989 Gregor Octopod Boat w/motor: \$85,000 Replacement Cost
CRIME – Employee Dishonesty (includes volunteers): \$1,000,000; no deductible
 Position Schedule Bond: 1 – Finance Administrator: \$1,000,000; no deductible
 Forgery or Alteration coverage: \$1,000,000; no deductible
 Computer Fraud coverage: \$10,000; no deductible
 Identity Fraud Expense coverage: \$10,000; no deductible

Note 6 - Other Disclosures

The District has a commitment to pay for post-employment medical benefits for employees that belong to LEOFF 2 and meet eligibility requirements. The District began the year paying 4 retirees' benefits. A fifth employee was added in May following his retirement, so that the final 8 months' payments included his premium as well. The total paid for retiree benefits in 2017 was \$41,704.20.

In August, the District's voters approved a fire levy lid lift to \$1.50 per thousand dollars of assessed value and an EMS levy lid lift to 50 cents per thousand dollars of assessed value, both for collection in 2018.

Nash Cascadia Verde LLC, a property developer, conveyed a parcel to the District by statutory warranty deed on October 17, 2017. A fire station will be constructed on the site in the future.

The District was awarded a SAFER grant of up to \$1,699,898 that will provide 75% of the wage and benefit cost of an entry-level firefighter in 2018 and 2019 and 25% in 2020. Because of the grant, the District hired 9 new firefighters in December, with a start date of January 29, 2018. The District also hired 6 additional entry-level firefighters in August 2018 to fill positions vacated by attrition.

The annual letter from our attorney will address any legal matters, if applicable.

East Pierce Fire & Rescue
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2012 G.O. Bond - Non-Voted	12/31/2031	2,525,000	-	140,000	2,385,000
263.51	Operating Lease: Ricoh Copy Machines	6/30/2020	20,066	-	5,733	14,333
Total General Obligation Debt/Liabilities:			2,545,066	-	145,733	2,399,333
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,584,405	3,623,886	3,456,359	1,751,931
264.30	Pension Liability		767,855	-	150,700	617,155
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,352,260	3,623,886	3,607,059	2,369,086
Total Liabilities:			4,897,326	3,623,886	3,752,792	4,768,419

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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov