



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Pacific County Fire Protection District No. 1

For the period January 1, 2016 through December 31, 2018

Published November 27, 2019

Report No. 1025100





**Office of the Washington State Auditor
Pat McCarthy**

November 27, 2019

Board of Commissioners
Pacific County Fire Protection District No. 1
Ocean Park, Washington

Report on Financial Statements

Please find attached our report on Pacific County Fire Protection District No. 1'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, flowing style.

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**

**Pacific County Fire Protection District No. 1
January 1, 2016 through December 31, 2018**

Board of Commissioners
Pacific County Fire Protection District No. 1
Ocean Park, 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 Pacific County Fire Protection District No. 1, as of and for the years ended December 31, 2018, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 14, 2019.

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 audits 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

November 14, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Pacific County Fire Protection District No. 1 January 1, 2016 through December 31, 2018

Board of Commissioners
Pacific County Fire Protection District No. 1
Ocean Park, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pacific County Fire Protection District No. 1, for the years ended December 31, 2018, 2017 and 2016, 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 opinions 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 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 , Pacific County Fire Protection District No. 1 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 cash and investments of Pacific County Fire Protection District No. 1, and its changes in cash and investments, for the years ended December 31, 2018, 2017 and 2016, 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 Pacific County Fire Protection District No. 1, as of December 31, 2018, 2017 and 2016, or the changes in financial position or cash flows for the years

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 audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 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".

Pat McCarthy

State Auditor

Olympia, WA

November 14, 2019

FINANCIAL SECTION

Pacific County Fire Protection District No. 1 January 1, 2016 through December 31, 2018

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2018
Fund Resources and Uses Arising from Cash Transactions – 2017
Fund Resources and Uses Arising from Cash Transactions – 2016
Notes to Financial Statements – 2018
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2018
Schedule of Liabilities – 2017
Schedule of Liabilities – 2016

Pacific County Fire Protection District No. 1
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	1,635,852
388 / 588	Prior Period Adjustments, Net	-

Revenues

310	Taxes	2,243,149
320	Licenses and Permits	1,700
330	Intergovernmental Revenues	13,809
340	Charges for Goods and Services	803,307
350	Fines and Penalties	-
360	Miscellaneous Revenues	41,023
Total Revenues:		<u>3,102,987</u>

Expenditures

510	General Government	-
520	Public Safety	2,849,711
Total Expenditures:		<u>2,849,711</u>
Excess (Deficiency) Revenues over Expenditures:		253,276

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	12
381, 395, 398	Other Resources	1,250
Total Other Increases in Fund Resources:		<u>1,262</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	66,786
591-593, 599	Debt Service	57,938
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		<u>124,723</u>

Increase (Decrease) in Cash and Investments: **129,815**

Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	1,765,667
Total Ending Cash and Investments		<u>1,765,667</u>

The accompanying notes are an integral part of this statement.

Pacific County Fire Protection District No. 1
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	1,701,764
388 / 588	Prior Period Adjustments, Net	-

Revenues

310	Taxes	2,209,699
320	Licenses and Permits	2,450
330	Intergovernmental Revenues	14,236
340	Charges for Goods and Services	754,810
350	Fines and Penalties	-
360	Miscellaneous Revenues	50,919
Total Revenues:		3,032,114

Expenditures

510	General Government	-
520	Public Safety	2,800,120
Total Expenditures:		2,800,120
Excess (Deficiency) Revenues over Expenditures:		231,994

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	417
381, 395, 398	Other Resources	1,450
Total Other Increases in Fund Resources:		1,867

Other Decreases in Fund Resources

594-595	Capital Expenditures	240,548
591-593, 599	Debt Service	59,225
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		299,773

Increase (Decrease) in Cash and Investments: **(65,912)**

Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	1,635,852
Total Ending Cash and Investments		1,635,852

The accompanying notes are an integral part of this statement.

Pacific County Fire Protection District No. 1
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	1,537,010
388 / 588	Prior Period Adjustments, Net	-

Revenues

310	Taxes	2,167,075
320	Licenses and Permits	1,400
330	Intergovernmental Revenues	8,506
340	Charges for Goods and Services	701,024
350	Fines and Penalties	-
360	Miscellaneous Revenues	61,606
Total Revenues:		<u>2,939,612</u>

Expenditures

510	General Government	-
520	Public Safety	2,657,384
Total Expenditures:		<u>2,657,384</u>
Excess (Deficiency) Revenues over Expenditures:		<u>282,227</u>

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	200
381, 395, 398	Other Resources	10,350
Total Other Increases in Fund Resources:		<u>10,550</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	57,887
591-593, 599	Debt Service	60,513
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	9,624
Total Other Decreases in Fund Resources:		<u>128,024</u>

Increase (Decrease) in Cash and Investments: 164,753

Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	1,701,764
Total Ending Cash and Investments		<u>1,701,764</u>

The accompanying notes are an integral part of this statement.

Pacific County Fire Protection District No. 1

For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The Pacific County Fire Protection District No. 1 was incorporated on October 7, 1940 and operates under the laws of the state of Washington applicable to a Fire District. The Pacific County Fire Protection District No. 1 is a special purpose local government and provides fire suppression, public education for fire prevention and emergency service to the general public.

The Pacific County Fire Protection District No. 1 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 District 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 District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

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.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The Pacific County Fire Protection District No. 1 adopts annual appropriated budgets for 1 general fund. This budget is 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:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,921,112.00	\$2,974,433.92	(\$53,321.92)
Total Funds	\$2,921,112.00	\$2,974,433.92	(\$53,321.92)

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 \$1,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

1. IAFF Union Contract Employees:

Vacation pay may be accumulated up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation, not to exceed 320 hours.

Sick leave may accumulate up to 1440 hours. Employees may cash out sick leave over 1000 hours at 25% of the employee's base wage. Upon separation or retirement, employees can opt to donate unused sick leave to the Sick Pool as long as the Sick Pool balance does not exceed 1200 hours.

Compensatory time may accumulate to 480 hours. Employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of compensatory time. Compensatory time must be utilized within one year of accrual or it will be cashed out at the rate for which it was earned.

2. Regular Full-Time Employees:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 240 hours. Non-exempt employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of

compensatory time. Upon separation or retirement, employees do receive payment for unused compensatory time.

3. District Secretary:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 100 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employee has the option of cashing out up to 60 hours of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

4. Assistant Chief of Training and Operations, Assistant Chief of Administration:

Vacation pay may accumulate up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employees do receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 80 hours. Employees cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employees have the option of cashing out up to 60 hours of compensatory time upon request in November of each year. Upon separation or retirement, employees do receive payment for unused compensatory time.

5. Fire Chief:

Vacation pay may accumulate up to 400 hours. Upon separation or retirement, employee does receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employee does receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 480 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

6. Leave Liability:

The District's total estimated liability for vacation, sick leave and compensatory leave separation benefits on December 31, 2018 was \$208,016.13.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

Note 2 - Property Tax

The Pacific County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the Pacific County Treasurer. 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 2018 was \$1.393857 per \$1,000 on an assessed valuation of \$1,210,622,082 for a total regular levy of \$1,687,434.

The District's EMS levy for the year 2017 was \$0.464619 per \$1,000 on an assessed valuation of \$1,210,648,682 for a total levy of \$562,490.

Note 3 – Deposits and Investments

Deposits and Investments

It is the Pacific County Fire Protection District No. 1'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 Pacific County Treasurer or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2018 are as follows:

<u>Type of Investment</u>	<u>Pacific County FPD #1 own investments</u>	<u>Investments held by Pacific County Treasurer as an agent for other local governments, individuals or private organizations.</u>	<u>Total</u>
<u>L.G.I.P.</u>	<u>\$0</u>	<u>\$1,773,771.86</u>	<u>\$1,773,771.86</u>

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, 2018.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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2019	\$51,500.00	\$5,150.00	\$56,650.00
2020	\$51,500.00	\$3,862.50	\$55,362.50
2021	\$51,500.00	\$2,575.00	\$54,075.00
2022	\$51,500.00	\$1,287.50	\$52,787.50
TOTALS	<u>\$206,000.00</u>	<u>\$12,875.00</u>	<u>\$218,875.00</u>

Note 5 - Pension Plans

A. State Sponsored Pension Plans

Substantially all Pacific County Fire Protection District No. 1's full-time and qualifying part-time employees participate in LEOFF2 or PERS2 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 statement 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 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, 2018, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
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PERS 1 UAAL	0.001277%	\$57,031.25
PERS 2/3	0.001648%	\$28,138.13
LEOFF 2	0.052249%	(\$1,060,768.60)
VFFRPF	0.15%	(\$77,370.42)

LEOFF Plan 2

The District also participates in the LEOFF 2 plan. 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 recommendation 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.

Note 6 - Other Disclosures

1. Transactions with Related Parties

Commissioner Tom Downer is the owner of Jack's Country Store. The District purchased \$2,785.70 in supplies in 2018.

2. Contracted Ambulance Billing Services

Pacific County Fire Protection District No. 1 contracts with Systems Design Northwest, Inc., Medical Billing Systems and service located in Silverdale, Washington for the billing, collection and accounting of all ambulance transport revenue. Systems Design provides very detailed monthly reports for the District. Systems Design mails deposits slips and checks to the District, who then deposits the checks and sends notification to the Pacific County Treasurer. The EFTs received are deposited by the District to the County Treasurer. The monthly reports show the deposits for that period. The monthly detail reports track payments made to each account. The Assistant Chief of Administration prepares the individual billings of ambulance transports which are forwarded to Systems Design. The District Secretary reviews the monthly reports received from Systems Design. This information has previously been disclosed during our Audit with the State Auditor's office.

3. Use of EMS Levy Funds for Resident Transport Out of Pocket Expenses

In March of 2008, the Board of Commissioners of Pacific County Fire Protection District No. 1 passed a resolution authorizing the use of funds from the Emergency Medical Services (EMS) Levy as payment for out of pocket expenses of ambulance transports fees for residents and taxpayers of the District. The District Secretary verifies the resident and taxpayer status of each patient billed for ambulance transport services by the District. This information is forwarded to Systems Design with the individual billing details. Systems Design collects all applicable insurance payments and insurance adjustments and then forwards requests for Levy write offs to the District Secretary. The District Secretary checks each request before acknowledging that write offs can be approved. The Assistant Chief of Administration then receives Levy write off requests for final approval. Approvals are sent back to Systems Design where they record the Levy write offs in a monthly report submitted to the District. Resolutions are passed quarterly by the Board of Commissioners authorizing the write-off of out-of-pocket payments of ambulance transport fees for residents and taxpayers.

Pacific County Fire Protection District No. 1

For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The Pacific County Fire Protection District No. 1 was incorporated on October 7, 1940 and operates under the laws of the state of Washington applicable to a Fire District. The Pacific County Fire Protection District No. 1 is a special purpose local government and provides fire suppression, public education for fire prevention and emergency service to the general public.

The Pacific County Fire Protection District No. 1 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 District 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 District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

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.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The Pacific County Fire Protection District No. 1 adopts annual appropriated budgets for 1 general fund. This budget is 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:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,783,000.00	\$3,099,892.77	(\$316,892.77)
Total Funds	\$2,783,000.00	\$3,099,892.77	(\$316,892.77)

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 \$1,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

1. IAFF Union Contract Employees:

Vacation pay may be accumulated up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation, not to exceed 320 hours.

Sick leave may accumulate up to 1440 hours. Employees may cash out sick leave over 1000 hours at 25% of the employee's base wage. Upon separation or retirement, employees can opt to donate unused sick leave to the Sick Pool as long as the Sick Pool balance does not exceed 1200 hours.

Compensatory time may accumulate to 480 hours. Employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of compensatory time. Compensatory time must be utilized within one year of accrual or it will be cashed out at the rate for which it was earned.

2. Regular Full-Time Employees:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 240 hours. Non-exempt employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of

compensatory time. Upon separation or retirement, employees do receive payment for unused compensatory time.

3. District Secretary:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 100 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employee has the option of cashing out up to 60 hours of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

4. Assistant Chief of Training and Operations, Assistant Chief of Administration:

Vacation pay may accumulate up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employees do receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 80 hours. Employees cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employees have the option of cashing out up to 60 hours of compensatory time upon request in November of each year. Upon separation or retirement, employees do receive payment for unused compensatory time.

5. Fire Chief:

Vacation pay may accumulate up to 400 hours. Upon separation or retirement, employee does receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employee does receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 480 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

6. Leave Liability:

The District's total estimated liability for vacation, sick leave and compensatory leave separation benefits on December 31, 2017 was \$237,479.03.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

Note 2 - Property Tax

The Pacific County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the Pacific County Treasurer. 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 \$1.480970 per \$1,000 on an assessed valuation of \$1,119,230,352 for a total regular levy of \$1,657,547.

The District's EMS levy for the year 2017 was \$0.493656 per \$1,000 on an assessed valuation of \$1,119,256,152 for a total levy of \$552,528.

Note 3 – Deposits and Investments

Deposits and Investments

It is the Pacific County Fire Protection District No. 1'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 Pacific County Treasurer or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2016 are as follows:

<u>Type of Investment</u>	<u>Pacific County FPD #1 own investments</u>	<u>Investments held by Pacific County Treasurer as an agent for other local governments, individuals or private organizations.</u>	<u>Total</u>
<u>L.G.I.P.</u>	<u>\$0</u>	<u>\$1,669,439.81</u>	<u>\$1,669,439.81</u>

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 debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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2018	\$51,500.00	\$6,437.50	\$57,937.50
2019	\$51,500.00	\$5,150.00	\$56,650.00
2020	\$51,500.00	\$3,862.50	\$55,362.50
2021	\$51,500.00	\$2,575.00	\$54,075.00
2022	\$51,500.00	\$1,287.50	\$52,787.50
TOTALS	<u>\$257,500.00</u>	<u>\$19,312.50</u>	<u>\$276,812.50</u>

Note 5 - Pension Plans

A. State Sponsored Pension Plans

Substantially all Pacific County Fire Protection District No. 1's full-time and qualifying part-time employees participate in LEOFF2 or PERS2 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 statement 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 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, 2015, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
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PERS 1 UAAL	0.001335%	\$63,346.79
PERS 2/3	0.001718%	\$59,692.29
LEOFF 2	0.050407%	(\$699,485.84)
VFFRPF	0.13%	(\$46,804.04)

LEOFF Plan 2

The District also participates in the LEOFF 2 plan. 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 recommendation 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.

Note 6 - Other Disclosures

1. Transactions with Related Parties

Commissioner Tom Downer is the owner of Jack's Country Store. The District purchased \$2,266.17 in supplies in 2017.

2. Contracted Ambulance Billing Services

Pacific County Fire Protection District No. 1 contracts with Systems Design Northwest, Inc., Medical Billing Systems and service located in Silverdale, Washington for the billing, collection and accounting of all ambulance transport revenue. Systems Design provides very detailed monthly reports for the District. Systems Design mails deposits slips and checks to the District, who then deposits the checks and sends notification to the Pacific County Treasurer. The EFTs received are deposited by the District to the County Treasurer. The monthly reports show the deposits for that period. The monthly detail reports track payments made to each account. The Assistant Chief of Administration prepares the individual billings of ambulance transports which are forwarded to Systems Design. The District Secretary reviews the monthly reports received from Systems Design. This information has previously been disclosed during our Audit with the State Auditor's office.

3. Use of EMS Levy Funds for Resident Transport Out of Pocket Expenses

In March of 2008, the Board of Commissioners of Pacific County Fire Protection District No. 1 passed a resolution authorizing the use of funds from the Emergency Medical Services (EMS) Levy as payment for out of pocket expenses of ambulance transports fees for residents and taxpayers of the District. The District Secretary verifies the resident and taxpayer status of each patient billed for ambulance transport services by the District. This information is forwarded to Systems Design with the individual billing details. Systems Design collects all applicable insurance payments and insurance adjustments and then forwards requests for Levy write offs to the District Secretary. The District Secretary checks each request before acknowledging that write offs can be approved. The Assistant Chief of Administration then receives Levy write off requests for final approval. Approvals are sent back to Systems Design where they record the Levy write offs in a monthly report submitted to the District. Resolutions are passed quarterly by the Board of Commissioners authorizing the write-off of out-of-pocket payments of ambulance transport fees for residents and taxpayers.

Pacific County Fire Protection District No. 1

For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The Pacific County Fire Protection District No. 1 was incorporated on October 7, 1940 and operates under the laws of the state of Washington applicable to a Fire District. The Pacific County Fire Protection District No. 1 is a special purpose local government and provides fire suppression, public education for fire prevention and emergency service to the general public.

The Pacific County Fire Protection District No. 1 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 District 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 District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

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.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The Pacific County Fire Protection District No. 1 adopts annual appropriated budgets for 1 general fund. This budget is 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:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,720,865.00	\$2,785,407.57	(\$64,542.57)
Total Funds	\$2,720,865.00	\$2,785,407.57	(\$64,542.57)

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 \$1,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

1. IAFF Union Contract Employees:

Vacation pay may be accumulated up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation, not to exceed 320 hours.

Sick leave may accumulate up to 1440 hours. Employees may cash out sick leave over 1000 hours at 25% of the employee's base wage. Upon separation or retirement, employees can opt to donate unused sick leave to the Sick Pool as long as the Sick Pool balance does not exceed 1200 hours.

Compensatory time may accumulate to 480 hours. Employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of compensatory time. Compensatory time must be utilized within one year of accrual or it will be cashed out at the rate for which it was earned.

2. Regular Full-Time Employees:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 240 hours. Non-exempt employees can elect to accrue compensatory time instead of overtime at a rate of 1 hour overtime equal to 1 ½ hours of

compensatory time. Upon separation or retirement, employees do receive payment for unused compensatory time.

3. District Secretary:

Vacation pay may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may accumulate to 960 hours. Upon separation or retirement, employees do not receive payment for unused sick leave.

Compensatory time may accumulate to 100 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employee has the option of cashing out up to 60 hours of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

4. Assistant Chief of Training and Operations, Assistant Chief of Administration, and Division Chief of EMS:

Vacation pay may accumulate up to 336 hours. Upon separation or retirement, employees do receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employees do receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 80 hours. Employees cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Employees have the option of cashing out up to 60 hours of compensatory time upon request in November of each year. Upon separation or retirement, employees do receive payment for unused compensatory time.

5. Fire Chief:

Vacation pay may accumulate up to 400 hours. Upon separation or retirement, employee does receive payment for unused vacation.

Sick leave may accumulate to 1200 hours. Upon separation or retirement, employee does receive payment for any 25% of unused sick leave.

Compensatory time may accumulate to 480 hours. Employee cannot earn overtime but can elect to accrue compensatory time for hours worked over 40 hours per week at a rate of 1 hour worked equals 1 hour of compensatory time. Upon separation or retirement, employee does receive payment for unused compensatory time.

6. Leave Liability:

The District's total estimated liability for vacation, sick leave and compensatory leave separation benefits on December 31, 2016 was \$207,320.94.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

Note 2 - Property Tax

The Pacific County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the Pacific County Treasurer. 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 2016 was \$1.500000 per \$1,000 on an assessed valuation of \$1,087,539,028 for a total regular levy of \$1,631,309.

The District's EMS levy for the year 2016 was \$0.500000 per \$1,000 on an assessed valuation of \$1,087,563,528 for a total levy of \$543,782.

Note 3 – Deposits and Investments

Deposits and Investments

It is the Pacific County Fire Protection District No. 1'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 Pacific County Treasurer or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2016 are as follows:

<u>Type of Investment</u>	<u>Pacific County FPD #1 own investments</u>	<u>Investments held by Pacific County Treasurer as an agent for other local governments, individuals or private organizations.</u>	<u>Total</u>
<u>L.G.I.P.</u>	<u>\$0</u>	<u>\$1,714,269.63</u>	<u>\$1,714,269.63</u>

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, 2016.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
------------------	-----------------	--------------

2017	\$51,500.00	\$7,725.00	\$59,225.00
2018	\$51,500.00	\$6,437.50	\$57,937.50
2019	\$51,500.00	\$5,150.00	\$56,650.00
2020	\$51,500.00	\$3,862.50	\$55,362.50
2021	\$51,500.00	\$2,575.00	\$54,075.00
2022	\$51,500.00	\$1,287.50	\$52,787.50
TOTALS	<u>\$309,000.00</u>	<u>\$27,037.50</u>	<u>\$336,037.50</u>

Note 5 - Pension Plans

A. State Sponsored Pension Plans

Substantially all Pacific County Fire Protection District No. 1's full-time and qualifying part-time employees participate in LEOFF2 or PERS2 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 statement and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
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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 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, 2015, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability
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		(Asset)
PERS 1 UAAL	0.001335%	\$71,695.79
PERS 2/3	0.001710%	\$86,097.15
LEOFF 2	0.051515%	(\$299,626.69)
VFFRPF	0.05%	(\$9,036.12)

LEOFF Plan 2

The District also participates in the LEOFF 2 plan. 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 recommendation 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.

Note 6 - Other Disclosures

1. Transactions with Related Parties

Commissioner Tom Downer is the owner of Jack's Country Store. The District purchased \$3,497.79 in supplies in 2016.

2. Contracted Ambulance Billing Services

Pacific County Fire Protection District No. 1 contracts with Systems Design Northwest, Inc., Medical Billing Systems and service located in Silverdale, Washington for the billing, collection and accounting of all ambulance transport revenue. Systems Design provides very detailed monthly reports for the District. Systems Design mails deposits slips and checks to the District, who then deposits the checks and sends notification to the Pacific County Treasurer. The EFTs received are deposited by the District to the County Treasurer. The monthly reports show the deposits for that period. The monthly detail reports track payments made to each account. The Assistant Chief of Administration prepares the individual billings of ambulance transports which are forwarded to Systems Design. The District Secretary reviews the monthly reports received from Systems Design. This information has previously been disclosed during our Audit with the State Auditor's office.

3. Use of EMS Levy Funds for Resident Transport Out of Pocket Expenses

In March of 2008, the Board of Commissioners of Pacific County Fire Protection District No. 1 passed a resolution authorizing the use of funds from the Emergency Medical Services (EMS) Levy as payment for out of pocket expenses of ambulance transports fees for residents and taxpayers of the District. The District Secretary verifies the resident and taxpayer status of each patient billed for ambulance transport services by the District. This information is forwarded to Systems Design with the individual billing details. Systems Design collects all applicable insurance payments and insurance adjustments and then forwards requests for Levy write offs to the District Secretary. The District Secretary checks each request before acknowledging that write offs can be approved. The Assistant Chief of Administration then receives Levy write off requests for final approval. Approvals are sent back to Systems Design where they record the Levy write offs in a monthly report submitted to the District. Resolutions are passed quarterly by the Board of Commissioners authorizing the write-off of out-of-pocket payments of ambulance transport fees for residents and taxpayers.

Pacific County Fire Protection District No. 1
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	General Obligation Bond	9/6/2022	257,500	-	51,500	206,000
	Total General Obligation Debt/Liabilities:		257,500	-	51,500	206,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability		123,039	-	37,870	85,169
259.12	2018 Leave Liabilities		237,479	-	29,463	208,016
	Total Revenue and Other (non G.O.) Debt/Liabilities:		360,518	-	67,333	293,185
	Total Liabilities:		618,018	-	118,833	499,185

Pacific County Fire Protection District No. 1
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	General Obligation Bond (non-voted) 2012-2022	9/6/2022	309,000	-	51,500	257,500
Total General Obligation Debt/Liabilities:			309,000	-	51,500	257,500
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability		157,793	-	34,754	123,039
259.12	2017 Leave Liabilities		207,321	30,158	-	237,479
Total Revenue and Other (non G.O.) Debt/Liabilities:			365,114	30,158	34,754	360,518
Total Liabilities:			674,114	30,158	86,254	618,018

Pacific County Fire Protection District No. 1
Schedule of Liabilities
For the Year Ended December 31, 2016

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	General Obligation Bond (non-voted) 2012-2022	9/6/2022	360,500	-	51,500	309,000
Total General Obligation Debt/Liabilities:			360,500	-	51,500	309,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	2016 Leave Liability		188,451	18,869	-	207,320
264.30	2016 Net Pension Liability		170,213	-	12,420	157,793
Total Revenue and Other (non G.O.) Debt/Liabilities:			358,664	18,869	12,420	365,113
Total Liabilities:			719,164	18,869	63,920	674,113

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