



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Yakima County Fire Protection District No. 4

For the period January 1, 2018 through December 31, 2020

Published January 24, 2022

Report No. 1029588



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

January 24, 2022

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

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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*

Yakima County Fire Protection District No. 4 January 1, 2018 through December 31, 2020

Board of Commissioners
Yakima County Fire Protection District No. 4
Yakima, 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 Yakima County Fire Protection District No. 4, as of and for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 14, 2022.

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 state law 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.

As discussed in Note 4 to the 2020 financial statements, the full extent of COVID-19 pandemic's director of indirect financial impact on the District is unknown.

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.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated January 14, 2022.

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

January 14, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Yakima County Fire Protection District No. 4 January 1, 2018 through December 31, 2020

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Yakima County Fire Protection District No. 4, for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

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 state law 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 1, Yakima County Fire Protection District No. 4 has prepared these financial statements to meet the financial reporting requirements of state law 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 Yakima County Fire Protection District No. 4, and its changes in cash and investments, for the years ended December 31, 2020, 2019 and 2018, 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 Yakima County Fire Protection District No. 4, as of December 31, 2020, 2019 and 2018, or the changes in financial position or cash flows thereof 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.

Matters of Emphasis

As discussed in Note 4 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

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 Schedule 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 January 14, 2022 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.



Olympia, WA

January 14, 2022

FINANCIAL SECTION

Yakima County Fire Protection District No. 4 January 1, 2018 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020

Fund Resources and Uses Arising from Cash Transactions – 2019

Fund Resources and Uses Arising from Cash Transactions – 2018

Notes to Financial Statements – 2020

Notes to Financial Statements – 2019

Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020

Schedule of Liabilities – 2019

Schedule of Liabilities – 2018

Yakima County Fire Protection District No. 4
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 General / Fire	101 Special / EMS
Beginning Cash and Investments				
308	Beginning Cash and Investments	3,630,821	1,593,401	340,300
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,867,367	2,591,967	275,400
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	95,992	94,239	1,753
340	Charges for Goods and Services	7,617	7,617	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	50,286	25,630	5,128
Total Revenues:		<u>3,021,262</u>	<u>2,719,453</u>	<u>282,281</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	2,345,415	2,127,595	217,820
Total Expenditures:		<u>2,345,415</u>	<u>2,127,595</u>	<u>217,820</u>
Excess (Deficiency) Revenues over Expenditures:		<u>675,847</u>	<u>591,858</u>	<u>64,461</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	899,879	766,304	1,107
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	95,244	95,244	-
Total Other Increases in Fund Resources:		<u>995,123</u>	<u>861,548</u>	<u>1,107</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,256,590	1,256,590	-
591-593, 599	Debt Service	1,435	1,435	-
597	Transfers-Out	899,879	133,575	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>2,157,904</u>	<u>1,391,600</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		(486,934)	61,806	65,568
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	405,868	-	405,868
50841	Committed	-	-	-
50851	Assigned	1,082,812	-	-
50891	Unassigned	1,655,210	1,655,210	-
Total Ending Cash and Investments		<u>3,143,890</u>	<u>1,655,210</u>	<u>405,868</u>

301 Reserve / Apparatus	302 Capital Projects
934,351	762,769
-	-
-	-
-	-
-	-
-	-
14,076	5,452
14,076	5,452
-	-
-	-
-	-
14,076	5,452
-	-
-	132,468
-	-
-	-
-	132,468
-	-
-	-
-	766,304
-	-
-	-
-	766,304
14,076	(628,384)
-	-
-	-
-	-
948,427	134,385
-	-
948,427	134,385

Yakima County Fire Protection District No. 4
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General / Fire	101 Special / EMS
Beginning Cash and Investments				
30810	Reserved	338,956	-	338,956
30880	Unreserved	3,168,064	1,507,730	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,683,287	2,408,995	274,292
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,577	-	1,577
340	Charges for Goods and Services	242	242	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	80,887	36,805	7,296
Total Revenues:		2,765,993	2,446,042	283,165
Expenditures				
510	General Government	-	-	-
520	Public Safety	2,135,167	1,869,744	265,423
Total Expenditures:		2,135,167	1,869,744	265,423
Excess (Deficiency) Revenues over Expenditures:		630,826	576,298	17,742
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	18,741	17,449	1,292
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	3,403	3,403	-
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		22,144	20,852	1,292
Other Decreases in Fund Resources				
594-595	Capital Expenditures	510,429	510,429	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	18,741	1,292	17,449
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		529,170	511,721	17,449
Increase (Decrease) in Cash and Investments:		123,800	85,429	1,585
Ending Cash and Investments				
5081000	Reserved	340,542	-	340,542
5088000	Unreserved	3,290,280	1,593,160	-
Total Ending Cash and Investments		3,630,822	1,593,160	340,542

301 Reserve / Apparatus	302 Capital Projects
-	-
914,098	746,236
-	-
-	-
-	-
-	-
-	-
20,253	16,533
20,253	16,533
-	-
-	-
-	-
20,253	16,533
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
20,253	16,533
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
934,351	762,769
934,351	762,769

Yakima County Fire Protection District No. 4
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 General / Fire	101 Special / EMS
Beginning Cash and Investments				
30810	Reserved	329,763	-	329,763
30880	Unreserved	4,552,940	2,732,987	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	1,884,626	1,618,594	266,032
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,537	-	1,537
340	Charges for Goods and Services	7,899	7,899	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	70,956	35,576	6,142
Total Revenues:		1,965,018	1,662,069	273,711
Expenditures				
510	General Government	-	-	-
520	Public Safety	1,954,646	1,689,291	265,355
Total Expenditures:		1,954,646	1,689,291	265,355
Excess (Deficiency) Revenues over Expenditures:		10,372	(27,222)	8,356
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	189,810	188,858	952
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	9,215	9,215	-
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		199,025	198,073	952
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,386,446	1,386,446	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	189,810	952	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	8,826	8,826	-
Total Other Decreases in Fund Resources:		1,585,082	1,396,224	-
Increase (Decrease) in Cash and Investments:		(1,375,685)	(1,225,373)	9,308
Ending Cash and Investments				
5081000	Reserved	339,072	-	339,072
5088000	Unreserved	3,167,948	1,507,614	-
Total Ending Cash and Investments		3,507,020	1,507,614	339,072

301 Reserve / Apparatus	302 Capital Projects
-	-
991,350	828,603
-	-
-	-
-	-
-	-
-	-
15,993	13,245
15,993	13,245
-	-
-	-
-	-
15,993	13,245
-	-
-	-
-	-
-	-
-	-
-	-
-	-
93,246	95,612
-	-
-	-
93,246	95,612
(77,253)	(82,367)
-	-
914,098	746,236
914,098	746,236

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The Yakima County Fire Protection District 4 was incorporated in 1947 and operates under the laws of the state of Washington applicable to a Fire District. The district is a special purpose local government and provides fire protection and emergency response 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 (see *Notes to 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 presented using classifications that are similar to the ending balance classification 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

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.

C. Cash and Investments

See Note 5 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000.00 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to the maximum time that can be earned by the employee in one year and is payable upon separation or retirement. Sick leave may be accumulated up to 1008 hours.

Upon separation or retirement employees may or may not receive payment for unused sick leave according to the current collective bargaining agreement by and between IAFF Local 469 – Employees of East Valley Fire and the District. Payments are recognized as expenditures when paid.

Total Ending cost of Compensated Absences \$20,614

F. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of :

2020 Reservations of Ending Cash & Investments	
Description	End Bal
EMS Investment	403,475.00
EMS Cash	1,657.59
<i>Subtotal</i>	<i>405,132.59</i>
Total All Reserve Accts	405,132.59

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

Note 2 - Budget Compliance

The district adopts annual appropriated budgets for general Fire and EMS funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 / General Fire	2,700,000	2,127,594	572,406
101 /Special EMS	267,777	217,821	49,956
301 / Reserve Apparatus	0	0	0
302 / Capital Projects	0	0	0

Budgeted amounts are authorized to be transferred between funds 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.

Explanation of Variances:

001/General Fire: Action request 2020-02 Station 42 Fitness Equipment / Station 40 replacement equipment were approved on 07/13/20 total estimate 11,000. In 2020 \$11,538.88 was spent out of general Fire. The rest went to cost for Capital Projects/Station 42 Remodel.

101/Special EMS: Action request 2020-07 Rescue tools were approved on 10/12/2020 total estimate \$40,585.96 plus shipping paid out of the EMS fund Normally this would be paid out in 2020 but it wasn't. Bill was received on January 3rd and paid out on January 15th 2021. Action request 2020-06 Upgrades to door locks were approved on 10/12/2020 total estimate \$12,000 Door locks were paid out of our EMS fund. \$9,013.09 was spent in 2020 the remainder will be taken care of in 2021. Acton Request 2020-01 PTSD and resiliency class were approved on 02/10/20 total estimate up to \$13,000. Due to Covid-19 this class was set up and canceled this may happen in the future but the Board decided not to reschedule at this time.

302/Capital Projects: STATION REMODEL: \$766,304 was transferred to General Fire to pay the construction fees for the Station 42 remodel. There was no final appropriated amount for this because county only accepts budgets for the Tax Revenue, they give us. The Board of Commissioners has planned remodeling and adding onto Station 42 at 4007

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

Commonwealth Drive, Yakima WA 98901 in 2018/2019/2020. Adding bedrooms and remodeling the rest of the station. Construction was completed in July of 2020.

Title for Disclosure	Details for Disclosure
Resolution 2020-01	TRANSFERRING \$65,447.74 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-02	TRANSFERRING \$124,972.99 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-03	TRANSFERRING \$83,240.89 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-04	TRANSFERRING \$102,405.70 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-05	TRANSFERRING \$123,729.97 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-06	TRANSFERRING \$161,369.98 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-07	TRANSFERRING \$105,137.00 FROM CAPITAL PROJECT FUND 602046 TO GENERAL EXPENSE FUND 602041
Resolution 2020-16	TRANSFERRING \$132,468.18 FROM GENERAL EXPENSE FUND 6020410 TO CAPITAL PROJECT FUND 6020460

Note 3 – Component Unit(s), Joint Ventures, and Related Parties

Title for Disclosure	Details for Disclosure
Purchase from Central Valley Glass Inc	The District Purchased training supplies from Central Valley Glass which is owned by Commissioner Les Riel. Two sheets of clear 1/8th in Plexiglass were purchased at cost for \$233.93 on May 29, 2020. Supplied on May 13th by Central Valley Glass, paid on May 29th through our regular Accounts Payable process. Nothing further due from either party. When Commissioner Riel bids any items for the District, he always provides them at cost so as not to have a conflict of interest.

Note 4 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

COVID 19 Pandemic Disclosure Details

Due to the fact that we are an emergency response facility we did not change how we operate in any significant manner during this pandemic. We did have a few minor costs for disinfectants and other PPE supplies however these are items we use in our normal day-to-day operations we just used a little more. We did change how we operate our Board meetings due to the governors mandate on in person meetings. However, this did not cause significant impact and we did modify our policies so we will likely continue operating through zoom meeting for both the Commissioners and public until further notice.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the district is unknown at this time.

Note 5 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 are as follows:

Type of Deposit or Investment	District's own deposits & investments	Deposits & investments held by the District as custodian for other local governments, individuals, or private organizations.	Combined
Fire Cash County Account	9,273	0	9,273
Apparatus Cash County Account	101	0	101
EMS Cash County Account	1,658	0	1,658
CP Cash County Account	101	0	101
Fire Investment	1,644,784	0	1,644,784
Apparatus Investment	948,326	0	948,326
EMS Investment	403,475	0	403,475
CP Investment	134,284	0	134,284
Revolving/Checking/ Banner Bank	1,789	0	1,789
Warrant/County/Key Bank	0	0	0
Key Bank ACH Payroll	0	0	0
FIRE Payroll/Checking Banner Bank	0	0	0
Petty Cash Drawer	100	0	100
<i>Totals</i>	3,143,889	0	3,143,889

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

Investments in county investment pool (LGIP)

The district is a voluntary participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The district's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the district or its agent in the government's name.

Note 6 – Long-Term Debt *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2020.

Year	Principal	Interest	Total Debt Service
2021	1908.1	0	1,908
2022	1908.1	0	1,908
2023	1908.1	0	1,908
2024	1908.1	0	1,908
2025	636.03	0	636
2026-2030			0
2031-2035			0
2036-2040			0
2041-2045			0
2046-2050			0
2051-2055			0
2056-2060			0
Totals	8,268	0	8,268

Unused Lines of Credit

At fiscal year end, the district had \$97,400 available in unused lines of credit.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

Substantially all the district's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3 and LEOFF2.

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
P.O. Box 48380
Olympia, WA 98540-8380

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, 2020 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Allocation Percentage	District's Pension Liability	District's Pension Asset
PERS 1 UAAL	0.000460%	16,243	
PERS 2/3	0.000596%	7,621	
LEOFF 2	0.029477%		(601,279)
VFFRPF	0.280000%		(97,964)
<i>Totals</i>		\$ 23,864	\$ (699,244)

LEOFF Plan 2

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

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

Note 8 - Property Tax

The 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 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 2020 was \$1.39076047 per \$1,000 on an assessed valuation of \$1,863,409,260 for a total regular levy of \$2,591,555.94.

The District's regular EMS levy for the year 2020 was \$267,777 based on 4 factors; population (from 2010 Census), EMS calls (from 911 Communications), and assessed valuation (from Yakima County Assessors Office), and removal of an 11.5% administration fee for Yakima County EMS.

Note 9 – Risk Management

Type of Risk	Self - insured (Y/N)	Not Applicable (Y/N)	Or Name of Insurer
Property & Liability	N	Y	National Union Fire Insurance Company
Health & Welfare	N	Y	Trusted Plans Service Corporation
Unemployment Compensation (ESD)	N	Y	Employment Security Department
Workers Compensation (L&I)	N	Y	Department of Labor & Industries
Other: Paid Family Medical Leave	N	Y	Employment Security Department - PFML

A formal risk control survey is completed by the district's insurance carrier (VFIS) every 2-3 years. They review the district's policies, training, standard operating procedures, rules and regulations, safety, facilities, vehicle equipment, and recommend improvements. The recommendations are reviewed by the district and an attorney; then implemented as approved and confirmation is sent to the insurance carrier. The last survey was completed in May 2017.

Note 10 – Other Disclosures

The district received \$91,968.18 as shown by code 331.97. There is not a corresponding expenditure for this revenue in 2020 due to the fact that the funds were spent in 2019. The district was instructed not to go back and amend the 2019 annual report, so instead it has been added to the notes with a timeline to explain the time gap in reporting.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2020

10/22/2018	The district applied for a FEMA FY 2018 Assistance to Firefighters Grant on 10/22/2018.
04/30/2019	The SCBA's were purchased as the old SCBA's had expired and \$181,568.15 was spent.
05/03/2020	The Grant of \$91,968.18 was accepted.
09/11/2020	The Grant was amended to include the funds spent in 2019 due to the SCBA's expiring in 2019.
09/17/2020	The Grant was approved.
11/09/2020	The Grant money of \$91968.18 was received by the district.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The Yakima County Fire Protection District 4 was incorporated in 1947 and operates under the laws of the state of Washington applicable to a Fire District. The district is a special purpose local government and provides fire protection and emergency response 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 presented using classifications that are similar to the ending balance classification 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

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.

C. Cash and Investments

See Note 2 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000.00 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to the maximum time that can be earned by the employee in one year and is payable upon separation or retirement.

Sick leave may be accumulated up to 1008 hours. Upon separation or retirement employees may or may not receive payment for unused sick leave according to the current collective bargaining agreement by and between IAFF Local 469 – Employees of East Valley Fire and the District. Payments are recognized as expenditures when paid.

Total Ending cost of Compensated Absences \$54,913.02

G. Restricted and Committed Portion of Ending Cash and Investments

Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. 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 consist of:

2109 Reservations of Ending Cash & Investments	
Description	End Bal
EMS Investment	333,168.00
EMS Cash	7,132.45
<i>Subtotal</i>	<i>340,300.45</i>
Total All Reserve Accts	340,300.45

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

Note 2 - Budget Compliance

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Budget	Actual Expenses	Variance
001-General / Fire Exp	\$ 2,425,875.67	2,381,223.74	\$ 44,651.93
101-Special / EMS	\$ 274,628.00	\$ 283,114.70	\$ -8,486.70
301-Reserve / Apparatus	0.00	\$ 0.00	\$ 0.00
302-Capital Projects	0.00	\$ 0.00	\$ 0.00
TOTAL	\$2,700,503.67	\$2,664,338.44	\$36,165.23

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; 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.

Yakima County Assessor's Office requires that the budgets submitted equal the amount of estimated tax revenue for the budgeted year.

Explanation of variances:

EMS \$4,300.00 was budgeted for Intergov. YCFCA Communications Tower and \$20,001.01 was spent on code 522.20.40.06-01. Used reserved funds.

Resolution#	Approved	Amount	Description
2019-01	01/28/2019	\$2,425,875.67	Amended Budget per Assessor's Tax Base
2019-03	06/24/2019	\$16,514.46	Transfer from EMS to Fire

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 cash funds.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

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

The district is a voluntary participant in the Yakima County Treasurer's Investment Pool (LGIP) an external investment pool operated by the Yakima County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070.

The district reports its investment in the pool at amortized cost. The pool does not impose any restrictions on participant withdrawals. RCW 36.29.024 allows the County Treasurer to deduct the amounts necessary to reimburse the Treasurer's Office for the actual expenses the office incurs for the initial costs of establishing a pool and for the cost of administering that pool. The investment fee will be calculated based on the participant's average daily balance maintained in the pool. The rate, determined by the actual costs of running the pool, is set by the Treasurer and reviewed no less than annually.

Deposits and investments by type at December 31, 2019 are as follows:

Fund/Department	Ending Balance
Fire Cash County Account	\$ 16,910.71
Fire Investment LGIP Account	\$ 1,574,789.00
Fire Revolving Checking District Account	\$ 1,601.75
Fire ACH Payroll Account	\$ 0.00
Fire Petty Cash Drawer District Account	\$ 100.00
EMS Cash County Account	\$ 7,132.45
EMS Investment LGIP	\$ 333,168.00
Apparatus Reserve Cash County Account	\$ 3,291.84
Apparatus Reserve Investment LGIP	\$ 931,059.00
Capital Projects Cash County Account	\$ 2,706.18
Capital Projects Investment LGIP	\$ 760,063.00
Warrant County Account	\$ 0.00
TOTAL	\$ 3,630,821.93

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The district's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Note 4 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the district's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3 and LEOFF2.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

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
P.O. Box 48380
Olympia, WA 98540-8380

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, 2019 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Allocation Percentage	District's Pension Liability	District's Pension Asset
PERS 1 UAAL	0.00040500%	15,574	
PERS 2/3	0.00052300%	5,080	
LEOFF 2	0.02580700%		(597,869)
VFFRPF	0.21%		(143,814)
	<i>Totals</i>	\$ 20,654	\$ (741,683)

LEOFF Plan 1

The district also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

LEOFF Plan 2

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

Note 5 - Property Tax

The 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 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 2019 was \$1.42 per \$1,000 on an assessed valuation of \$1,708,363,148.00 for a total regular levy of \$2,425,875.67.

The District's regular EMS levy for the year 2019 was \$274,628 based on 4 factors; population (from 2010 Census), EMS calls (from 911 Communications), and assessed valuation (from Yakima County Assessors Office), and removal of an 11.5% administration fee for Yakima County EMS.

Note 6 – Risk Management

A formal risk control survey is completed by the district's insurance carrier (VFIS) every 2-3 years. They review the district's policies, training, standard operating procedures, rules and regulations, safety, facilities, vehicle equipment, and recommend improvements. The recommendations are reviewed by the district and an attorney; then implemented as approved and confirmation is sent to the insurance carrier. The last survey was completed in May 2017.

Note 7 – Other Disclosures

<u>Resolution #</u>	<u>Approved</u>	<u>Description</u>
2019-04	08/12/2019	Dissolution of Fire Payroll Account #7017 Banner Bank for lack of use and depositing funds back into the Fire Cash YCTO Account # 601041.

<u>Action #</u>	<u>Approved</u>	<u>Description</u>
2019-12	06/24/2019	Plans finished for ST42. Yakima Co Building & Land Permit Costs \$6,899.72
2018-14	11/26/2018	Diesel Exhaust Removal Systems for apparatus E40, E41, T41, T42, R41, R42, AS40, B40, B41, B241, B42 for \$103,723.90, request to move forward with the work as soon as reasonably possible.
2018-02	01/29/2018	Poston Architecture \$4,000.00 Cost Analysis ST42 to meet future needs of the district – did not occur – Poston Architecture became too busy.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2019

2018-17 12/10/2018 Loose equipment, nozzles, hose & SCBA's \$198,901.96 paid from Apparatus Reserve or General Fire and apply for FEMA/SCBA grant.

STATION REMODEL:

The Board of Commissioners has planned remodeling and adding onto Station 42 at 4007 Commonwealth Drive, Yakima WA 98901 in 2018/2019/2020. Adding bedrooms and remodeling the rest of the station. They plan on funds being used from Capital Projects reserve and the General Fire reserve and estimate it will cost \$750,000.00-\$1,000,000.00. A project manager has been secured.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The Yakima County Fire Protection District 4 was incorporated in 1947 and operates under the laws of the state of Washington applicable to a Fire District. The district is a special purpose local government and provides fire protection and emergency response 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund – FIRE Expense 001

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.

Special Revenue Funds - EMS 101

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds – Apparatus 301 & Capital Projects 302

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.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

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. Cash and Investments

See Note 2, *Deposits and Investments*.

D. Capital Assets

Capital assets are long-lived assets of the district. Capital assets and inventory are recorded as capital expenditures when purchased. There is no capitalization of capital assets, nor allocation of depreciation of expense.

E. Compensated Absences

Vacation leave may be accumulated up to the maximum time that can be earned by the employee in one year and is payable upon separation or retirement.

Sick leave may be accumulated up to 1008 hours. Upon separation or retirement employees may or may not receive payment for unused sick leave according to the current collective bargaining agreement by and between IAFF Local 469 – Employees of East Valley Fire and the District.

Payments are recognized as expenditures when paid.

Beginning Balance	Additions	Reductions	Ending Balance
\$29,684		\$6,463	\$23,221

F. 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 resolutions. 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 consist of:

2018 Reservations of Ending Cash & Investments	
Description	End Bal
EMS Investment	336,836.00
EMS Cash	2,120.23
<i>Subtotal EMS</i>	<i>338,956.23</i>
Total All Reserve Accts	338,956.23

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

Note 2 – Budget Compliance

The district adopts annual appropriated budgets for expenses. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Budget	Actual Expenses	Variance
001–General / Fire Exp	\$ 1,664,891.45	\$ 3,085,189.40	\$ -1,420,297.95
101–Special / EMS	\$ 260,396.00	\$ 265,354.61	\$ - 4,958.61
301–Resv / Apparatus		\$ 93,245.68 transfer to General	\$ -93,245.68
302–Capital Projects		\$ 95,612.30 transfer to General	\$ -95,612.30
TOTAL	\$ 1,925,287.45	\$ 3,349,988.77	\$ -1,236,398.58

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; 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 Board of Commissioners.

Yakima County Assessor's Office requires that the budgets submitted equal the amount of estimated tax revenue for the budgeted year.

Action #	Approved	Amount	For	Fund
2018-01	1/22/2018	None	Solicit bid for new Engine	General/App
2018-1	1/29/2018	\$45,965.40	Station 40 Kitchen Remodel	General/CP
2018-04	02/12/2018	\$15,786.85	Station 40 Kitchen Appliances	General/CP
Bid Opening 03/26/2018				
2018-06	04/09/2018	\$593,430.58	1 st Engine Purchase	General/App
Bid 5/21/18	05/29/2018	\$583,719.58	2 nd Engine Purchase – Identical to 1 st	General/App
2018-08	06/25/2018	\$15,750.00	WSP Weekend Recruit Academy	General
2018-09	08/27/2018	\$2,000.00	Fire Grants Help	General
2018-10	08/27/2018	\$8,335.00	LT Exam/Testing/Ergometrics	General

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 cash funds.

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

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

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

Fire Cash County Account	10,865.12
Apparatus Cash County Account	1,672.17
EMS Cash County Account	2,120.23
CP Cash County Account	1,384.05
Fire Investment	1,495,439.00
Apparatus Investment	912,426.00
EMS Investment	336,836.00
CP Investment	744,852.00
Revolving/Checking Banner Bank	1,288.50
Warrant/County/Key Bank	0.00
Key Bank ACH Payroll	0.00
Fire Payroll/Checking/Banner Bank	37.44
Petty Cash Drawer	100.00
Total Deposits & Investments	3,507,020.51

Note 4 - Property Tax

The 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 district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The district regular levy for the year 2018 was \$1.05266346 per \$1,000 on an assessed valuation of \$1,547,204,243 for a total regular levy of **\$1,628,685.37**.

The District's regular EMS levy for the year 2018 was **\$260,396** based on 4 factors; population (from 2010 Census), EMS calls (from 911 Communications), and assessed valuation (from Yakima County Assessors Office), and removal of an 11.5% administration fee for Yakima County EMS.

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

Note 5 – Pension Plans

A. State Sponsored Pension Plans

Substantially all district full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3 and LEOFF 2.

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

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

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 measurement date of the plans), the district proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.000361	16,122
PERS 2/3	0.000461	7,871
LEOFF 2	0.024732	(502,144)
VFFRPF	0.200000	(108,319)

LEOFF Plan 1

The district also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The district also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and

YAKIMA COUNTY FIRE PROTECTION DISTRICT 4

Notes to the Financial Statements

For the year ended December 31, 2018

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.

Note 6 – Risk Management

A formal risk control survey is completed by the district's insurance carrier (VFIS) every 2-3 years. They review the district's policies, training, standard operating procedures, rules and regulations, safety, facilities, vehicle equipment, and recommend improvements. The recommendations are reviewed by the district and an attorney; then implemented as approved and confirmation is sent to the insurance carrier. The last survey was completed in May 2017.

Note 7 - Other Disclosures

Next Year's Approved purchases:

Action #	Approved	Amount	For	Fund
2018-11	10/09/2018	\$9,389.75	IT Services	General
2018-13	11/13/2018	\$15,959.50	ANSI Compliant HiVis Coats	General
2018-14	11/26/2018	\$103,723.90	No Smoke/Diesel Filters	General/App
2018-16	12/10/2018	\$32,687.00	Edraulic Rescue Tools	General/App
2018-17	12/10/2018	\$198,901.96	Loose Equipment for New Engines & SCBA's	General/App
2019-01	1/14/2019	\$13,650.00	Station 42 Const. Drawings	General/CP
2019-03	1/14/2019	\$133,089.00	Position: Director of Training	General
2019-06	3/11/2019	\$7,500.00	Station 42 Electrical/Plumbing/Structural Eng. Consultants	General/CP
2019-09	3/25/2019	\$3,066.52	10 Yr Dry Sprinkler Test	General

Yakima County Fire Protection District No. 4
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Canon C5550i	5/13/2025	-	9,544	1,435	8,109
Total General Obligation Debt/Liabilities:			-	9,544	1,435	8,109
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absenses Vacation & Sick Leave	12/31/2020	54,913	-	34,299	20,614
264.30	Pension Liabilities	12/31/2020	20,654	3,210	-	23,864
Total Revenue and Other (non G.O.) Debt/Liabilities:			75,567	3,210	34,299	44,478
Total Liabilities:			75,567	12,754	35,734	52,587

Yakima County Fire Protection District No. 4
Schedule of Liabilities
For the Year Ended December 31, 2019

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		23,221	31,692	-	54,913
264.30	Pension Liability		23,994	-	3,340	20,654
Total Revenue and Other (non G.O.) Debt/Liabilities:			47,215	31,692	3,340	75,567
Total Liabilities:			47,215	31,692	3,340	75,567

Yakima County Fire Protection District No. 4
Schedule of Liabilities
For the Year Ended December 31, 2018

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		29,684	-	6,463	23,221
264.30	Pension Liabilities		28,920	-	4,926	23,994
	Total Revenue and Other (non G.O.) Debt/Liabilities:		58,604	-	11,389	47,215
	Total Liabilities:		58,604	-	11,389	47,215

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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