



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

December 27, 2021

Board of Directors  
Klickitat County Emergency Medical Services District No. 1  
Goldendale, Washington

**Contracted CPA Firm's Audit Report on Financial Statements**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements of Klickitat County Emergency Medical Services District No. 1 for the fiscal year ended December 31, 2020. The District contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements and, accordingly, we do not express an opinion on those financial statements.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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**Klickitat County  
Emergency Medical Services  
District No. 1**

Basic Financial Statements and  
Independent Auditors' Reports

December 31, 2020 and 2019



**DINGUS | ZARECOR & ASSOCIATES** PLLC  
Certified Public Accountants

**Klickitat County Emergency Medical Services District No. 1**  
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DINGUS | ZARECOR & ASSOCIATES PLLC  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Klickitat County Emergency Medical Services District No. 1  
Goldendale, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Klickitat County Emergency Medical Services District No. 1 (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Asset Law Enforcement Officers' and Fire Fighters' Plan 2 and Schedule of the District's Contributions Law Enforcement Officers' and Fire Fighters' Plan 2 on pages 23-24 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2021, 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. We issued a similar report for the year ended December 31, 2019, dated July 29, 2020, which has not been included with the 2020 financial and compliance report. 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.

***Dingus, Zarecor & Associates PLLC***

Spokane Valley, Washington  
August 19, 2021

**Klickitat County Emergency Medical Services District No. 1**  
**Statements of Net Position**  
**December 31, 2020 and 2019**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2020</b>	<b>2019</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 2,511,227	\$ 1,594,081
Receivables:		
Patient accounts, net of estimated uncollectibles	260,513	275,930
Estimated third-party payor settlement	59,902	107,141
Taxes	52,850	45,962
Prepaid expenses	37,145	27,442
<b>Total current assets</b>	<b>2,921,637</b>	<b>2,050,556</b>
<i>Noncurrent assets</i>		
Net pension asset	572,546	593,629
Capital assets, net	338,594	229,691
<b>Total noncurrent assets</b>	<b>911,140</b>	<b>823,320</b>
<i>Deferred outflows of resources, pension plan</i>	<b>103,222</b>	<b>68,612</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,935,999</b>	<b>\$ 2,942,488</b>

*See accompanying notes to basic financial statements.*

**Klickitat County Emergency Medical Services District No. 1**  
**Statements of Net Position (Continued)**  
**December 31, 2020 and 2019**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>2020</b>	<b>2019</b>
<i>Current liabilities</i>		
Accounts payable	\$ 49,943	\$ 13,929
Accrued compensation and related liabilities	99,593	70,072
Accrued vacation	18,693	18,760
Accrued interest	2,343	2,955
Current maturities of long-term debt	103,687	61,827
Total current liabilities	<b>274,259</b>	167,543
<i>Noncurrent liabilities</i>		
Long-term debt, less current maturities	75,680	218,755
Total liabilities	<b>349,939</b>	386,298
<i>Deferred inflows of resources, pension plan</i>	<b>385,874</b>	472,530
Total liabilities and deferred inflows of resources	<b>735,813</b>	858,828
<i>Net position</i>		
Net investment in capital assets	156,884	(53,846)
Unrestricted	3,043,302	2,137,506
Total net position	<b>3,200,186</b>	2,083,660
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 3,935,999</b>	<b>\$ 2,942,488</b>

*See accompanying notes to basic financial statements.*

**Klickitat County Emergency Medical Services District No. 1**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
<i>Operating revenues</i>		
Net patient revenue, net of provision for bad debts	\$ 1,393,843	\$ 1,644,117
Grants	9,260	11,266
Other	8,494	21,110
<b>Total operating revenues</b>	<b>1,411,597</b>	<b>1,676,493</b>
<i>Operating expenses</i>		
Salaries and wages	1,284,254	1,154,398
Employee benefits	300,693	282,774
Supplies	157,002	160,254
Purchased services, utilities	15,338	13,543
Purchased services, other	116,986	158,490
Leases and rentals	40,116	41,549
Repairs and maintenance	14,657	18,584
Depreciation	147,999	181,610
Insurance	37,946	37,942
Other	29,407	39,670
<b>Total operating expenses</b>	<b>2,144,398</b>	<b>2,088,814</b>
<i>Operating loss</i>	<b>(732,801)</b>	<b>(412,321)</b>
<i>Nonoperating revenues (expenses)</i>		
Property tax revenue	1,788,442	1,733,902
Intergovernmental revenue	35,109	33,616
CARES Act Provider Relief Fund	36,813	-
Interest expense	(11,037)	(13,004)
<b>Total nonoperating revenues, net</b>	<b>1,849,327</b>	<b>1,754,514</b>
Change in net position	1,116,526	1,342,193
Net position, beginning of year	2,083,660	741,467
<b>Net position, end of year</b>	<b>\$ 3,200,186</b>	<b>\$ 2,083,660</b>

*See accompanying notes to basic financial statements.*

**Klickitat County Emergency Medical Services District No. 1**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from patient services	\$ 1,456,499	\$ 1,496,024
Cash received from grants	9,260	11,266
Cash received from other revenue	8,494	46,899
Cash paid to and on behalf of employees	(1,655,676)	(1,527,511)
Cash paid to suppliers and contractors	(385,141)	(489,024)
Net cash used in operating activities	(566,564)	(462,346)
<i>Cash flows from noncapital financing activities</i>		
Cash received from CARES Act Provider Relief Fund	36,813	-
Cash received from intergovernmental revenue	35,109	33,616
Cash received from taxation for maintenance and operations	1,781,554	1,723,768
Net cash provided by noncapital financing activities	1,853,476	1,757,384
<i>Cash flows from capital and related financing activities</i>		
Interest paid	(11,649)	(13,593)
Principal payments on long-term debt	(101,215)	(73,861)
Purchase of capital assets	(256,902)	(17,518)
Net cash used in capital and related financing activities	(369,766)	(104,972)
Net increase in cash and cash equivalents	917,146	1,190,066
Cash and cash equivalents, beginning of year	1,594,081	404,015
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,511,227</b>	<b>\$ 1,594,081</b>

*See accompanying notes to basic financial statements.*

**Klickitat County Emergency Medical Services District No. 1**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
<i>Reconciliation of Operating Loss to Net Cash</i>		
<i>Used in Operating Activities</i>		
Operating loss	\$ (732,801)	\$ (412,321)
<i>Adjustments to reconcile operating loss to net cash</i>		
<i>used in operating activities</i>		
Depreciation	147,999	181,610
Provision for bad debts	122,010	169,535
(Increase) decrease in assets:		
Patient accounts receivable, net	(106,593)	(210,487)
Estimated third-party receivable	47,239	(107,141)
Other receivable	-	25,789
Prepaid expenses	(9,703)	(18,149)
Net pension asset	21,083	(301,278)
Deferred outflows of resources, pension plan	(34,610)	(28,083)
Increase (decrease) in liabilities:		
Accounts payable	36,014	(843)
Accrued compensation and related liabilities	29,521	6,379
Accrued vacation	(67)	1,538
Deferred inflows of resources, pension plan	(86,656)	231,105
<b>Net cash used in operating activities</b>	<b>\$ (566,564)</b>	<b>\$ (462,346)</b>

*See accompanying notes to basic financial statements.*

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

**a. Reporting Entity**

The Klickitat County Emergency Medical Services District No. 1 (the District) was incorporated on April 30, 2013. The District is a special purpose local government and provides ambulance services to Klickitat County except for the territory included in Fire Districts No. 2 and No. 10. The District has no component units.

The District operates under the laws of the state of Washington relating to Washington municipal corporations. As organized, the District is exempt from the payment of federal income taxes. The Board of Directors consists of five community members appointed to a three-year term. The District is not a component unit of Klickitat County, Washington.

**b. Summary of Significant Accounting Policies**

*Use of estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Enterprise fund accounting* – The District’s accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

*Cash and cash equivalents* – All cash receipts are deposited directly to the District’s depository account at a bank. Periodically, these funds are transferred to the operating account held by the Klickitat County Treasurer (County Treasurer). The County Treasurer acts as the District’s treasurer. Warrants are issued against the cash placed with the County Treasurer, and the warrants are redeemed from a commercial bank by the County Treasurer.

*Capital assets* – The District capitalizes assets whose costs exceed \$5,000 and with estimated useful lives of at least one year; lesser amounts are expensed. The capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. When such assets are disposed of, the related costs and accumulated depreciation or amortization is removed from the accounts and the resulting gain or loss is classified in nonoperating revenues or expenses.

*Compensated absences* – The District’s policy is to permit employees to accumulate earned but unused paid time off and holiday benefits up to a maximum of 120 hours. All paid time off is accrued and expensed when earned.

*Net position* – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is the net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*. The District did not have any *restricted net position* at December 31, 2020 and 2019.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

***Operating revenues and expenses*** – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing emergency medical services — the District’s principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide emergency medical services, other than financing costs. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses, such as interest.

***Restricted resources*** – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

***Grants and contributions*** – From time to time, the District receives grants from the state of Washington and others as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the District’s operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

***Reclassifications*** – Certain reclassifications have been made to the 2019 financial statements to conform to the classifications used in the 2020 financial statements, with no effect on previously reported change in net position.

***Law enforcement officers’ and fire fighters’ (LEOFF) pension*** – For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans, and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Subsequent events*** – Subsequent events have been reviewed through August 19, 2021, the date on which the financial statements were available to be issued.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

*Upcoming accounting pronouncements* – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District's year ending December 31, 2022, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

**2. Bank Deposits:**

Custodial credit risk is the risk that, in the event of a depository institution failure, the District's deposits may not be returned to it. All cash, cash equivalents, and cash investments held by the County Treasurer are insured by the State of Washington Public Deposit Protection Commission (PDPC), as provided by Chapter 39.58 of *The Revised Code of Washington* and are entirely covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington PDPC. Qualified public depositories, including Columbia State Bank, pledge securities with this commission, which are available to insure public deposits within the state of Washington.

**3. Patient Accounts Receivable:**

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its patient payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**3. Patient Accounts Receivable (continued):**

The District’s allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior years. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the District consisted of the following amounts:

	<b>2020</b>	<b>2019</b>
Receivables from patients and their insurance carriers	\$ 422,706	\$ 433,800
Receivables from Medicare	27,583	44,384
Receivables from Medicaid	7,770	16,473
Total patient accounts receivable	<b>458,059</b>	494,657
Less allowance for uncollectible accounts	197,546	218,727
<b>Patient accounts receivable, net</b>	<b>\$ 260,513</b>	<b>\$ 275,930</b>

**4. Property Taxes:**

The Klickitat County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values assessed as of the same date and are intended to finance the District’s activities of the same calendar year. Assessed values are established by the Klickitat County Assessor at 100 percent of fair market values. A revaluation of all property is required every four years.

Taxes are due in two equal amounts by April 30 and October 31. The assessed property is subject to lien on the levy date and taxes are considered delinquent after October 31. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.50 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.52.069, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people.

In November 2018, voters of Klickitat County passed Proposition No. 1 *Proposition Reauthorizing Regular Emergency Medical Services Property Tax Levy*, increasing the regular levy from approximately \$0.30 to \$0.50. This increase is set to expire as of December 31, 2024.

For 2020, the District’s regular tax levy was approximately \$0.49 per \$1,000 on a total assessed valuation of \$3,366,210,364, for a total regular levy of \$1,643,974.

For 2019, the District’s regular tax levy was approximately \$0.50 per \$1,000 on a total assessed valuation of \$3,214,565,443, for a total regular levy of \$1,607,283.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**5. Capital Assets:**

All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation over asset lives of three or four years.

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
<i>Capital assets not being depreciated</i>				
Construction in progress	\$ -	\$ 21,893	\$ -	\$ 21,893
<i>Capital assets being depreciated</i>				
Equipment and vehicles	853,404	235,009	(24,990)	1,063,423
<i>Less accumulated depreciation for</i>				
Equipment and vehicles	(623,713)	(147,999)	24,990	(746,722)
<b>Capital assets, net</b>	<b>\$ 229,691</b>	<b>\$ 108,903</b>	<b>\$ -</b>	<b>\$ 338,594</b>

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019
<i>Capital assets being depreciated</i>				
Equipment and vehicles	\$ 835,886	\$ 17,518	\$ -	\$ 853,404
<i>Less accumulated depreciation for</i>				
Equipment and vehicles	(442,103)	(181,610)	-	(623,713)
<b>Capital assets, net</b>	<b>\$ 393,783</b>	<b>\$ (164,092)</b>	<b>\$ -</b>	<b>\$ 229,691</b>

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**6. Long-term Debt:**

A schedule of changes in the District’s long-term debt and capital lease obligations follows:

	Balance December 31, 2019			Additions	Reductions	Balance December 31, 2020		Amounts Due Within One Year		
<i>Long-term debt</i>										
Government obligation contract - KS StateBank - 2018	\$	280,582	\$	-	\$	(101,215)	\$	179,367	\$	103,687

	Balance December 31, 2018			Additions	Reductions	Balance December 31, 2019		Amounts Due Within One Year		
<i>Long-term debt</i>										
Government obligation contract - KS StateBank - 2018	\$	354,443	\$	-	\$	(73,861)	\$	280,582	\$	61,827

The terms and due dates of the District’s long-term debt is as follows:

- Government obligation contract with KS StateBank dated March 19, 2018, in the original amount of \$383,000, payable \$36,215 semiannually on April 1 and October 1 including interest at 4.724 percent through April 2024. The Board of Directors has elected to pay additional principal payments of \$20,000 to accelerate the payment of the debt. The debt is expected to be repaid as of October 2022. The purchase was for remounting two ambulances, refinancing the government obligation contract from 2016, and other emergency medical service equipment.

Aggregate annual principal and interest payments over the terms of long-term debt are as follows:

Years Ending December 31,	Long-term Debt		
	Principal	Interest	Totals
2021	\$ 103,687	\$ 8,143	\$ 111,830
2022	75,680	5,571	81,251
	<b>\$ 179,367</b>	<b>\$ 13,714</b>	<b>\$ 193,081</b>

**7. Line of Credit:**

**Columbia State Bank** – On April 26, 2018, the District signed a \$100,000 line of credit agreement with Columbia State Bank to provide funds to pay the District’s expenses in providing emergency medical services and costs of issuance of the note. Interest accrues on the outstanding principal based on a variable interest rate set by the current Columbia Bank Base Rate published on the bank’s website. All outstanding principal plus all accrued interest is due on April 30, 2021. No draws on this line of credit have been made as of December 31, 2020.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**8. Net Patient Service Revenue:**

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs have not changed significantly from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2020 or 2019. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	<b>2020</b>	<b>2019</b>
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 714,646	\$ 748,095
Medicaid	222,421	591,402
Other third-party payors	457,407	330,654
Patients	<b>130,029</b>	156,077
	<b>1,524,503</b>	1,826,228
Less:		
Charity care	8,650	12,576
Provision for bad debts	<b>122,010</b>	169,535
<b>Net patient service revenue</b>	<b>\$ 1,393,843</b>	<b>\$ 1,644,117</b>

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The District is reimbursed for services on a fee schedule as defined and limited by the Medicare program for services rendered.
- *Medicaid* – Reimbursement for services rendered to Medicaid program beneficiaries is reimbursed on a fee schedule as defined and limited by the Medicaid program, as defined by the state of Washington. The District receives Ground Emergency Medical Transportation (GEMT) supplemental payments to cover the funding gap between actual costs per GEMT transport and the allowable amount received for Medicaid and other sources of revenue.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**8. Net Patient Service Revenue (continued):**

The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes discounts from established charges.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The District participates in the GEMT program. The GEMT program provides supplemental payments to publicly owned or operated qualified providers. The supplemental payments cover the funding gap between a provider's actual costs per GEMT transport and the allowable amount received from Medicaid and any other sources of reimbursement. Net patient service revenue increased by approximately \$-0- and \$305,000, respectively, for the years ended December 31, 2020 and 2019, due to differences between the original estimates and revised estimates or final settlements related to the GEMT program.

The District provides charity care to patients who are financially unable to pay for the emergency medical care services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2020 and 2019, were approximately \$5,000 and \$8,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2020 and 2019.

**9. Risk Management and Contingencies:**

**Risk management** – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Professional liability coverage** – The District has its professional liability insurance coverage with Enduris. The policy provides protection on an “occurrence” basis.

Enduris is a risk sharing pool established in 1987 to provide risk financing to its member government entities for liability and property coverage. Enduris' general objectives are to formulate, develop, and administer on behalf of the members a program of insurance that offers lower costs for broader coverage and comprehensive loss control programs. The pool transfers its risk by buying reinsurance and excess insurance over the pool's self-insured retention.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and reinsurance coverage. The current professional liability coverage provides \$20,000,000 per claim of primary coverage with a \$1,000 deductible.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**9. Risk Management and Contingencies (continued):**

*Industry regulations* – The emergency medical service industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**10. Defined Benefit Pension Plan:**

*Plan description* – The District contributes to the Law Enforcement Officers’ and Fire Fighters’ Plan 2 (LEOFF 2), a cost-sharing, multiple-employer public employee defined benefit pension plan. The state Legislature establishes and amends laws pertaining to the creation and administration of the LEOFF.

The Department of Retirement Systems (DRS), 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 the required supplementary information for the Plan. The DRS CAFR may be obtained by writing to:

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

The DRS CAFR may also be downloaded from the DRS website at the following URL:  
<http://www.drs.wa.gov/administration/annual-report>.

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

**LEOFF Plan 2**

Inactive plan members or beneficiaries currently receiving benefits	7,175
Inactive plan members entitled to but not yet receiving benefits	1,006
Active plan members	18,833
<b>Total</b>	<b>27,014</b>

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

LEOFF 2 provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a cost-of-living adjustment (based on the CPI), capped at 3 percent annually. LEOFF 2 members are vested after the completion of five years of eligible service.

**Contributions** – The Plan employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the Plan. The employer rate includes an administrative expense component set at 0.18 percent. The Plan employers and employees are required to pay at the level adopted by the LEOFF 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 and 2019 were as follows:

<b>2020</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.15%	8.59%
Administrative fee	0.18%	0.00%
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>

  

<b>2019</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.15%	8.59%
Administrative fee	0.18%	0.00%
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>

The District’s actual contributions to the plan were \$54,907 and \$51,332 for the years ended December 31, 2020 and 2019, respectively.

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 LEOFF 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. For the state fiscal years ended June 30, 2020 and 2019, the state contributed \$76,297,643 and \$72,959,897 to LEOFF 2, respectively. The amount recognized by the District for its proportionate share of these amounts is \$35,109 and \$33,616, respectively.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

*Actuarial assumptions* – The total pension liability (TPL) for the LEOFF was determined by an actuarial valuation as of June 30, 2019, with the results rolled forward to June 30, 2020, using the following actuarial assumptions applied to all prior periods included in the measurement.

- **Inflation:** 2.75 percent total economic inflation; 3.5 percent salary inflation
- **Salary increases:** In addition to the base 3.5 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4 percent

Mortality rates were based on the RP-2010 *Combined Healthy Table and Combined Disabled Table*, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime. The methods and assumptions used for 2020 are current as of the 2019 Actuarial Valuation Report.

*Discount rate* – The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.4 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

*Long-term expected rate of return* – The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

*Estimated rates of return by asset class* – Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%
<b>Total</b>	<b>100%</b>	

*Sensitivity of the net pension asset* – The table below presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4 percent) or one percentage point higher (8.4 percent) than the current rate.

	<b>Discount Rate</b>	<b>District’s Proportionate Share of Net Pension Asset</b>
<b>LEOFF 2</b>		
1% decrease	6.40%	\$ (11,335)
Current discount rate	7.40%	\$ (572,546)
1% increase	8.40%	\$ (1,032,067)

*Pension plan fiduciary net position* – Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

*Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions* – At June 30, 2020, the District reported a total pension asset of \$572,546 for its proportionate share of the net pension asset.

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the District were as follows:

	<b>LEOFF 2 (Asset)</b>	
	<b>2020</b>	<b>2019</b>
Employer's proportionate share	\$ (572,546)	\$ (593,629)
State's proportionate share of the net pension asset associated with the employer	(366,100)	(388,748)
<b>Total</b>	<b>\$ (938,646)</b>	<b>\$ (982,377)</b>

The District's proportionate share of the collective net pension asset was as follows:

<b>2020</b>		
<b>Plan</b>	<b>Allocation %</b>	<b>(Asset)</b>
LEOFF 2	0.028068%	\$ (572,546)

<b>2019</b>		
<b>Plan</b>	<b>Allocation %</b>	<b>(Asset)</b>
LEOFF 2	0.025624%	\$ (593,629)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

*Pension expense* – For the years ended December 31, 2020 and 2019, the District recognized pension expenses related to LEOFF Plan 2 of (\$12,637) and (\$13,308), respectively.

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

*Deferred outflows of resources and deferred inflows of resources* – At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>LEOFF 2</b>		
Differences between expected and actual experience	\$ 79,221	\$ 10,155
Changes in assumptions or other inputs	830	88,655
Changes in proportion and differences between contributions and proportionate share of contributions	-	280,683
Net difference between projected and actual earnings on plan investments	-	6,381
The District's contributions subsequent to the measurement date	23,171	-
<b>Total</b>	<b>\$ 103,222</b>	<b>\$ 385,874</b>

	<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>LEOFF 2</b>		
Differences between expected and actual experience	\$ 42,717	\$ 10,675
Changes in assumptions or other inputs	978	66,802
Changes in proportion and differences between contributions and proportionate share of contributions	-	273,339
Net difference between projected and actual earnings on plan investments	-	121,714
The District's contributions subsequent to the measurement date	24,917	-
<b>Total</b>	<b>\$ 68,612</b>	<b>\$ 472,530</b>

**Klickitat County Emergency Medical Services District No. 1**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**10. Defined Benefit Pension Plan (continued):**

*Deferred outflows of resources and deferred inflows of resources (continued)* – Deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as an addition to pension expense in the year ending December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 10,342	\$ (86,996)
2022	8,947	(48,921)
2023	8,947	(34,782)
2024	8,947	(24,099)
2025	8,947	(47,104)
Thereafter	33,921	(143,972)
<b>Total</b>	<b>\$ 80,051</b>	<b>\$ (385,874)</b>

**11. Concentration of Risks:**

*Patient accounts receivable* – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Klickitat County. The mix of receivables from patients was as follows:

	2020	2019
Medicare	15 %	21 %
Medicaid	5	12
Other third-party payors	40	30
Patients	40	37
	<b>100 %</b>	<b>100 %</b>

*Collective bargaining unit* – The District has entered into a collective bargaining agreement with the International Association of Fire Fighters labor union as of 2019 through December 31, 2021. As of December 31, 2020 and 2019, 47 percent and 62 percent of the District’s employees are represented by the union, respectively.

**12. CARES Act Provider Relief Fund:**

In April 2020, the District received approximately \$37,000 of funding from the CARES Act Provider Relief Fund. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. During the year ended December 31, 2020, the District recognized all these funds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Klickitat County Emergency Medical Services District No. 1**  
**Schedule of the District's Proportionate Share of the Net Pension Asset**  
**Law Enforcement Officers' and Fire Fighters' Plan 2**  
**Last 10 Years \***

Law Enforcement Officers' and Fire Fighters' Plan 2							
Years Ended December 31,	District's Portion of the Net Pension Asset	District's Proportionate Share of the Net Pension (Asset)	State's Proportionate Share of the Net Pension Asset Associated with the Employer	Total	District's Covered- employee Payroll	District's Proportionate Share of the Net Pension Asset as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
2018	0.014400%	\$ (292,351)	\$ (189,292)	\$ (481,643)	\$ 964,887	30.30%	118.50%
2019	0.025624%	\$ (593,629)	\$ (388,748)	\$ (982,377)	\$ 953,901	62.23%	119.43%
2020	0.028068%	\$ (572,546)	\$ (366,100)	\$ (938,646)	\$ 983,803	58.20%	115.83%

\*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30 (measurement date) of each year reported.

**Klickitat County Emergency Medical Services District No. 1  
Schedule of the District's Contributions Law Enforcement Officers'  
and Fire Fighters' Plan 2  
Last 10 Years \***

**Law Enforcement Officers' and Fire Fighters' Plan 2**

<b>Years Ended December 31,</b>	<b>Actuarilly Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency</b>	<b>District's Covered-employee Payroll</b>	<b>Contributions as a Percentage of Covered-employee Payroll</b>
2018	\$ 52,393	\$ 52,393	\$ -	\$ 964,887	5.43%
2019	\$ 51,332	\$ 51,332	\$ -	\$ 953,901	5.38%
2020	\$ 52,437	\$ 52,437	\$ -	\$ 983,803	5.33%

\*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30 (measurement date) of each year reported.



DINGUS | ZARECOR & ASSOCIATES PLLC  
Certified Public Accountants

INDEPENDENT AUDITORS' 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*

Board of Directors  
Klickitat County Emergency Medical Services District No. 1  
Goldendale, Washington

We have audited, in accordance with the 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 Klickitat County Emergency Medical Services District No. 1 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated August 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as items that we consider to be a material weakness. (2020-01)

**Klickitat County Emergency Medical Services District No. 1  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2020**

**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 its 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*.

**The District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompany schedule of findings and responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dingus, Zarecor & Associates PLLC*

Spokane Valley, Washington  
August 19, 2021

**Klickitat County Emergency Medical Services District No. 1  
Schedule of Findings and Responses  
Year Ended December 31, 2020**

**2020-001 Auditor Detected Adjustment**

[ ] Control Deficiency [ ] Significant Deficiency [X] Material Weakness

<i>Criteria</i>	Timely and accurate information should be available to management and those charged with governance to make decisions. No material audit adjustments should be proposed by auditors during the audit process.
<i>Condition</i>	A significant audit adjustment was proposed related to accrued payroll.
<i>Context</i>	The finding appears to be an <i>isolated</i> problem.
<i>Effect</i>	There was a material error in the financial statements that was corrected through an auditor-proposed adjustment.
<i>Cause</i>	The District did not accrue the salaries and related benefits for the final pay period of the fiscal year.
<i>Recommendation</i>	The District should accrue all salaries and related benefits as of the fiscal year end.
<i>Management's Response</i>	Management will ensure that all salaries and related benefits are accrued at fiscal year end.

**Klickitat County Emergency Medical Services District No. 1**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2020**

The audit for the year ended December 31, 2019, reported no findings, nor were there any unresolved prior year findings from the year ended December 31, 2018, or prior. Therefore, there are no matters for this schedule for the year ended December 31, 2020.