



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

North County Regional Fire Authority

(North County Fire & EMS)

For the period January 1, 2019 through December 31, 2020

Published August 18, 2022

Report No. 1031000



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

August 18, 2022

Board of Commissioners
North County Fire & EMS
Stanwood, Washington

Report on Financial Statements

Please find attached our report on North County Fire & EMS's financial statements.

We are issuing this report in order to provide information on the Fire Authority's financial activities and 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*

North County Fire & EMS January 1, 2019 through December 31, 2020

Board of Commissioners
North County Fire & EMS
Stanwood, 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 North County Fire & EMS, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Fire Authority's financial statements, and have issued our report thereon dated August 10, 2022.

We issued an unmodified opinion on the fair presentation of the Fire Authority'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 Fire Authority 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Fire Authority's internal control over financial reporting (internal control) as a basis for designing 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 Fire Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire Authority'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 Fire Authority'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 above 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 or significant deficiencies may exist that were not identified.

In addition, we noted certain matters that we have reported to the management of the Fire Authority in a separate letter dated August 10, 2022.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Fire Authority'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 financial statements. 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 Fire Authority'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 Fire Authority's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

August 10, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

North County Fire & EMS January 1, 2019 through December 31, 2020

Board of Commissioners
North County Fire & EMS
Stanwood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of North County Fire & EMS, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Fire Authority has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments and its changes in cash and investments, of North County Fire & EMS for the years ended December 31, 2020 and 2019, on the basis of accounting described in Note 1.

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 North County Fire & EMS, as of December 31, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the Fire Authority in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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 Fire Authority's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire Authority's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Matters of Emphasis

As discussed in Note 4 and Note 7 to the 2020 and 2019 financial statements respectively, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Fire Authority is unknown. Our opinion is not modified with respect to this matter.

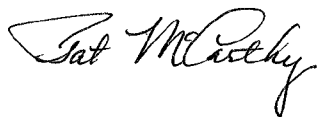
As discussed in Note 10 to the 2020 financial statements, in February 2021, the City of Arlington residents approved a ballot issue which allowed the City to annex into the Fire Authority including adding all the stations, apparatus and employees of the City's Fire Department. The effective merger date is August 1, 2021. Our opinion is not modified with respect to this matter.

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2022 on our consideration of the Fire Authority's internal control over financial reporting and on the 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 the effectiveness of the Fire Authority's 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 Fire Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

August 10, 2022

FINANCIAL SECTION

North County Fire & EMS January 1, 2019 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
Fund Resources and Uses Arising from Cash Transactions – 2019
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020
Schedule of Liabilities – 2019

North County Regional Fire Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 NCRFA GENERAL FUND	201 GO BOND 2020	301 RESERVE FUND (CASH)
Beginning Cash and Investments					
308	Beginning Cash and Investments	5,450,443	3,888,385	-	1,562,058
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,250,420	7,250,420	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,178,735	1,178,735	-	-
340	Charges for Goods and Services	1,330,620	1,330,620	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	417,615	360,273	20,958	36,384
Total Revenues:		10,177,390	10,120,048	20,958	36,384
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	8,575,886	8,574,637	794	455
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		8,575,886	8,574,637	794	455
Excess (Deficiency) Revenues over Expenditures:		1,601,504	1,545,411	20,164	35,929
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	5,518,931	-	5,518,931	-
397	Transfers-In	6,315,514	-	343,458	1,475,106
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	3,757	3,757	-	-
Total Other Increases in Fund Resources:		11,838,202	3,757	5,862,389	1,475,106
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,196,034	1,023,877	-	965,125
591-593, 599	Debt Service	343,458	-	343,458	-
597	Transfers-Out	6,315,514	796,583	5,518,931	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		8,855,006	1,820,460	5,862,389	965,125
Increase (Decrease) in Cash and Investments:		4,584,700	(271,292)	20,164	545,910
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,289,918	-	-	-
50841	Committed	20,165	-	20,165	-
50851	Assigned	-	-	-	-
50891	Unassigned	5,725,067	3,617,091	-	2,107,976
Total Ending Cash and Investments		10,035,150	3,617,091	20,165	2,107,976

The accompanying notes are an integral part of this statement.

North County Regional Fire Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		302 TRAINING CENTER
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	-
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		<hr/> -
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> -
Excess (Deficiency) Revenues over Expenditures:		-
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	4,496,950
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> 4,496,950
Other Decreases in Fund Resources		
594-595	Capital Expenditures	207,032
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 207,032
Increase (Decrease) in Cash and Investments:		<hr/> 4,289,918
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	4,289,918
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 4,289,918

The accompanying notes are an integral part of this statement.

North County Regional Fire Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 NCRFA GENERAL FUND	301 RESERVE FUND (CASH)
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	5,016,237	3,602,194	1,414,043
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	4,624,718	4,624,718	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,659,093	1,659,093	-
340	Charges for Goods and Services	3,440,697	3,440,697	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	139,521	79,025	60,496
Total Revenues:		9,864,029	9,803,533	60,496
Expenditures				
510	General Government	-	-	-
520	Public Safety	7,713,658	7,713,658	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		7,713,658	7,713,658	-
Excess (Deficiency) Revenues over Expenditures:		2,150,371	2,089,875	60,496
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	1,409,500	-	1,409,500
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	8,782	8,782	-
Total Other Increases in Fund Resources:		1,418,282	8,782	1,409,500
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,724,955	402,974	1,321,981
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	1,409,500	1,409,500	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		3,134,455	1,812,474	1,321,981
Increase (Decrease) in Cash and Investments:		434,198	286,183	148,015
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	5,450,443	3,888,385	1,562,058
Total Ending Cash and Investments		5,450,443	3,888,385	1,562,058

The accompanying notes are an integral part of this statement.

North County Regional Fire Authority
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Custodial
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	468,706
510-590	Deductions	102,412
	Net Increase (Decrease) in Cash and Investments:	366,294
508	Ending Cash and Investments	366,295

The accompanying notes are an integral part of this statement.

North County Regional Fire Authority MCAG# 2945

Note 1 - Summary of Significant Accounting Policies

The North County Regional Fire Protection Authority (Fire Authority) is a special purpose government that provides fire suppression, emergency medical services, public education and fire prevention services. The Fire Authority is supported primarily through property taxes and contract revenues. The Fire Authority was created on January 1, 2008, through the combination of Snohomish County Fire District No. 14 and Snohomish County Fire District No. 18, and operates under Chapter 52 of the Revised Code of Washington (RCW) and other laws of the state of Washington applicable to fire districts and fire protection authorities.

The Fire Authority is governed by a Board of Fire Commissioners, consisting of six elected members that typically serve for a period of six years. The Board of Fire Commissioners has the statutory authority to adopt and modify the budget, levy taxes, control all assets, sign contracts, and authorize borrowing or debt issuances. The Board of Fire Commissioners appoints the Fire Chief to manage the day-to-day operations of the Fire Authority. The Fire Chief is accountable to the Board of Fire Commissioners for the activities being managed.

The Fire Authority is the primary, special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the financial statements. The Fire Authority's financial statements represent those of a stand-alone government, as there are no component units.

The Fire Authority 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 Note 3-Joint Ventures*)
- 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the Fire Authority are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and

Notes to the Financial Statements
For the year ended December 31, 2020

investments, revenues and expenditures. The Fire Authority's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Funds

This fund is the primary operating fund of the Fire Authority. It accounts for all financial resources except those required or elected to be accounted for in another fund. For reporting purposes, the Fire Authority has consolidated its Working Capital Operating Reserve Fund, Petty Cash Fund, and Investment Fund into the General Fund.

Debt Service Funds

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

Capital Projects Funds

This fund is used to account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

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 individual cost of more than \$5,000 and estimated useful life in excess of one year. The capital assets of the Fire Authority are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation pay may be accumulated up to 240 hours for employees covered under the International Association of Firefighters (IAFF) Local 4118 contract, and is payable upon separation or retirement. Non-labor members are cashed out per the terms of their employment contract if provided for. At December 31, 2020 the Fire Authority's estimated liability for vacation pay was \$259,497. All cash-out are recognized as expenditures when paid.

Upon separation or retirement employees covered under the IAFF agreement receive compensation for up to 500 for unused sick leave. Non-labor members are cashed out per the terms of their employment contract if provided for. At December 31, 2020 the Fire Authority's estimated liability for all sick leave pay was \$446,554. All cash-out payments are recognized as expenditures when paid.

F. Long-Term Debt – See Note 6, *Long Term Debt*

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of the proceeds for the 2020 GO Bond Issuance of \$5.5 Million which is to be used for the purchase of two fire trucks and the development and construction of a training center and the GEMT funds received into the General Fund.

Note 2 – Budget Compliance

The Fire Authority adopts annual appropriated budgets for all governmental 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.

Notes to the Financial Statements
For the year ended December 31, 2020

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

The appropriated and actual expenditures for the General Fund operating budget were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
001 General	10,700,000	10,395,095	(304,905)	Did not spend entire budget due to under-spending
004 Reserve	-	-	-	
201 GO Bond 2020	5,863,389	5,863,183	(206)	Bond fund transfers less than anticipated
301 Capital Reserve	1,000,000	965,580	(34,420)	Training Ctr property purchase came in under budget
302 Training Center Project	4,000,000	207,032	(3,792,968)	Project still in design phase. No construction as yet
633 Snohomish County EMS	120,000	102,412	(17,588)	Costs came in under budget

RCW 52.16.070 provides that the Fire Authority shall not expend funds in any year that exceed its available resources. For the 2020 calendar year, total expenditures did not exceed available resources.

Budgeted amounts are authorized to be transferred between departments within any fund; 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 legislative body.

Note 3 – Joint Ventures

Sno911 Joint Venture

The Authority and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16-member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then reaming Principals' User Fees paid

during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the Authority's share was \$293,761 on December 31, 2020.

Snohomish County 911's 2020 operating budget was \$24,575,191, operating revenues received were \$24,057,771 and total operating expenditures were \$23,917,807. Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

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.

As a first responder agency, the impact of the virus is substantial to our operations. A great number of new protocols and standard operating procedures were created and implemented. Some of these procedures addressed responding to calls, utilization of proper PPE, and the handling of suspected infected patients.

There is also the financial impact of this emergency. Some of our Firefighters/EMTs were exposed to infected patients prior to the implementation of all the safety protocols. The exposed employees were then mandated to take a fourteen-day quarantine to determine if they developed any symptoms. While no employees tested positive there was a number of overtime shifts required to cover those quarantined employee's shifts.

There is also a great deal of expense related to the purchasing and acquiring all the necessary PPE equipment and decontamination equipment. The total of these figures is not yet known but while reach into the tens of thousands of dollars. Based upon the different grants and financial assistance being offered from FEMA and other governmental agencies, the Authority expects to be reimbursed anywhere from 75% to 100% of the associated costs.

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

Note 5 – Deposits and Investments

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

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

Type of Investment	The Authority's own investments	Investments held by the City as an agent for other local governments, individuals, or private organizations.	Total
Bank Deposits-Cash	2,074,731	6,295	2,081,026
Local Government Investment Pool	2,318,966	360,000	2,678,966
Snohomish County Investment Pool	5,641,453		5,641,453
<i>Totals</i>	<i>\$ 10,035,150</i>	<i>\$ 366,295</i>	<i>\$ 10,401,445</i>

Investments in the State Local Government Investment Pool (LGIP)

The Authority is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Investments in Snohomish County investment pool

The Authority is a voluntary participant in the Snohomish 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 Authority reports its investment 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/disclose any liquidity fees or redemption gates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Authority 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 Authority'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).

Notes to the Financial Statements
For the year ended December 31, 2020

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

The Fire Authority's investments are held by the Snohomish County Treasurer as its agent in the Fire Authority's name. At December 31, 2020 the Fire Authority had \$2,318,966 invested with the State of Washington Local Government Investment Pool (LGIP) and \$5,641,453 invested in the Snohomish County Investment Pool (SCIP). Both the LGIP's and SCIP's investment objectives are, in priority order: 1) safety of principal, 2) maintaining adequate liquidity to meet cash flows, and 3) providing a competitive interest rate relative to other comparable investment alternatives. Both investment pools are is comparable to a Securities and Exchange Commission regulated Rule 2a-7 money market fund.

The Fire Authority's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (PDPC). The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent.

Note 6 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides additional information regarding the outstanding debt and liabilities of the Fire Authority and summarizes the Fire Authority's debt transactions for year ended December 31, 2020.

In 2020, The Authority issued a \$5,065,000 non-voted general obligation bond for the purpose of financing the construction and equipping of a new training center and two new fire engines. The bond bears interest at the rate of 2.37%. Principal payments are due annually on each December 1, and interest is paid each June 1 and December 1. The bond matures on December 1, 2039.

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

Year	Principal	Interest	Total
2020	245,000	98,458	343,458
2021	180,000	166,400	346,400
2022	185,000	161,000	346,000
2023	190,000	153,600	343,600
2024	200,000	146,000	346,000
2025-2029	1,125,000	601,650	1,726,650
2030-2039	2,940,000	506,850	3,446,850
Total	5,065,000	1,833,958	6,898,958

Note 7 - Pension Plans

A. State Sponsored Pension Plans

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

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 Fire Authority 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 Fire Authority's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

System	Employer Contributions	Allocation %	Liability (Asset)
PERS 1		0.007501%	\$264,826
PERS 2/3	\$89,743	0.009742%	\$124,595
LEOFF 2	\$207,360	0.106001%	(\$2,162,266)
VFFRPF	\$60	0.03000%	(\$10,885)

The Fire Authority 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.

B. Defined Contribution Pension Plans

The Authority also participates in two different defined contribution plans: Nationwide Financial Services and Washington State Deferred Compensation Program. The Authority contributes 5.0% of each full-time employee's base salary into the program of their choice. Below is the amount of Authority contributions to each program in 2020.

	Employer Contributions
Nationwide	131,109
Wa St DCP	19,920

Note 8 - Property Tax

The Snohomish County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed as they are received. Property tax revenues are recognized when cash is recorded as received by the County.

Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due on April 30 and the balance is due October 31. Delinquent taxes are considered fully collectible, bear interest at 12 percent, and are subject to additional penalties if not paid as scheduled.

In 2020, the Fire Authority levied the following property taxes:

	Assessed Value	Levy Rate/\$1000	Levy Amount
Fire Operations	\$3,834,323,261	\$1.500	\$5,751,485
Emergency Medical Services (EMS)	3,920,612,961	0.386	1,513,460
		<u>\$1.886</u>	<u>\$ 7,264,945</u>

Note 9 – Risk Management

Self-Insurance

The Fire Authority self-insures for Unemployment claims. During 2020, the Fire Authority received one new claim and paid out \$2,712. Unemployment claims are recorded as an expense in the General Fund.

Insurance

The Fire Authority annually purchases commercial insurance coverage through a joint insurance pool with a number of other fire entities within Snohomish County which is Managed by MacIlvennie Associates, Inc and underwritten by VFIS/Glatfelter Insurance Group. Our premium for 2020 was \$96,648 which provided policies for property, crime, portable, equipment, business auto, general liability, management liability, excess liability, group accident and sickness, and 24 hours accidental death and dismemberment. Deductibles for the policies range from zero to \$1,000. The most common claims each year are involving property loss or damage related to vehicles and apparatus.

The Fire Authority works with our insurance underwriter to manage risk by providing numerous training opportunities for the employees in areas of health and safety, vehicle operations, and administration. These trainings are conducted through in-person workshops and seminars, as well as on-line or DVD courses. The Fire Authority is also audited by our underwriter to further assess levels of exposure and best practices to address training and potential risk issues.

The employees of the Authority are covered for workers compensation through the Washington State Labor & Industries program. The District pays premiums to the state based upon prior years claims and industry specific rates.

The Authority and its employees do participate in the Washington State Paid Family Medical Leave (PFML) program. The program provides employees paid time-off for qualifying events.

Health and welfare insurance are provided by an insurance company trust which provides traditional medical and dental policies for the employees.

Note 10 - Other Disclosures

Government combination

In February of 2021, the City of Arlington residents approved a ballot issue which allowed the City to annex into the Fire Authority including adding all the stations, apparatus and employees of the City's Fire Department. The effective merger date is August 1, 2021.

This annexation will have fiscal impacts in 2021 as the City will continue to collect property taxes. The City will make monthly payments to the Authority through the end of 2021 until the Authority can collect taxes for the new district boundaries. These payments should cover the cost of expenses associated with the additional personnel, apparatus and buildings.

Training Center Project

The Authority has created a plan to develop a training center in the next three years. The Authority purchased property within our service area boundaries in 2020 the development of the training center is in the planning stages. Long-term, the property may also include the construction of a new fire station to replace the aging Station# 96. The Authority issued \$5.5 million in general obligation bonds in 2020 to fund the project and purchase two fire apparatus.

North County Regional Fire Authority MCAG# 2945

Note 1 - Summary of Significant Accounting Policies

The North County Regional Fire Protection Authority (Fire Authority) is a special purpose government that provides fire suppression, emergency medical services, public education and fire prevention services. The Fire Authority is supported primarily through property taxes and contract revenues. The Fire Authority was created on January 1, 2008, through the combination of Snohomish County Fire District No. 14 and Snohomish County Fire District No. 18, and operates under Chapter 52 of the Revised Code of Washington (RCW) and other laws of the state of Washington applicable to fire districts and fire protection authorities.

The Fire Authority is governed by a Board of Fire Commissioners, consisting of seven elected members that typically serve for a period of six years. The Board of Fire Commissioners has the statutory authority to adopt and modify the budget, levy taxes, control all assets, sign contracts, and authorize borrowing or debt issuances. The Board of Fire Commissioners appoints the Fire Chief to manage the day-to-day operations of the Fire Authority. The Fire Chief is accountable to the Board of Fire Commissioners for the activities being managed.

The Fire Authority is the primary, special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the financial statements. The Fire Authority's financial statements represent those of a stand-alone government, as there are no component units.

The Fire Authority 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 Note 7-Joint Ventures)*
- 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

a. Fund Accounting

Financial transactions of the Fire Authority 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 Fire Authority's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

Notes to the Financial Statements
For the year ended December 31, 2019

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the Fire Authority. It accounts for all financial resources except those required or elected to be accounted for in another fund. For reporting purposes, the Fire Authority has consolidated its Working Capital Operating Reserve Fund, Petty Cash Fund, and Investment Fund into the General Fund.

Debt Service Fund

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

Capital Projects Funds

This fund is used to 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 – Refer to Note 3, *Deposits and Investments*

d. Capital Assets

Capital assets are assets with an individual cost of more than \$5,000 and estimated useful life in excess of one year. The capital assets of the Fire Authority are recorded as capital expenditures when purchased.

e. Compensated Absences

Vacation pay may be accumulated up to 240 hours for employees covered under the International Association of Firefighters (IAFF) Local 4118 contract, and is payable upon separation or retirement. Non-labor members are cashed out per the terms of their employment contract if provided for. At December 31, 2019 the Fire Authority's estimated liability for vacation pay was \$202,314.

Upon separation or retirement employees covered under the IAFF agreement receive compensation for up to 500 for unused sick leave. Non-labor members are cashed out per the terms of their employment contract if provided for. At December 31, 2019 the Fire Authority's estimated liability for sick leave pay was \$444,708.

All cash-out payments are recognized as expenditures when paid.

f. Long-Term Debt – Refer to Note 5, *Debt Service Requirements*.

g. Reserved Portion of Ending Cash and Investments

Notes to the Financial Statements
For the year ended December 31, 2019

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the commission. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

None of the ending balances in any of the Fire Authority's funds are restricted with the exception of the General Fund which is reserved due to GEMT funding.

Note 2 – Budget Compliance

The Fire Authority adopts annual appropriated budgets for all governmental 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 General Fund operating budget were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 10,000,000	\$ 9,526,125	\$ -473,875
Capital Reserve	\$ 1,322,000	\$ 1,321,981	\$ -19

RCW 52.16.070 provides that the Fire Authority shall not expend funds in any year that exceed its available resources. For the 2019 calendar year, total expenditures did not exceed available resources.

Budgeted amounts are authorized to be transferred between departments within any fund; 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 legislative body.

Note 3 – Deposits and Investments

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

The Fire Authority's investments are held by the Snohomish County Treasurer as its agent in the Fire Authority's name. At December 31, 2019 the Fire Authority had \$2,916,982 invested with the State of Washington Local Government Investment Pool (LGIP) and \$2,350,000 invested in the Snohomish County Investment Pool (SCIP). Both the LGIP's and SCIP's investment objectives are, in priority order: 1) safety of principal, 2) maintaining adequate liquidity to meet cash flows, and 3) providing a

Notes to the Financial Statements
For the year ended December 31, 2019

competitive interest rate relative to other comparable investment alternatives. Both investment pools are comparable to a Securities and Exchange Commission regulated Rule 2a-7 money market fund.

The Fire Authority's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (PDPC). The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent.

Type of Investment	Authority's own investments	Investments held by Authority as a custodian for other local governments, individuals, or private	Total
Local Government Investment Pool (LGIP)	\$ 2,916,982	\$ -	\$ 2,916,982
Snohomish County Investment Pool (SCIP)	\$ 2,350,000	\$ -	\$ 2,350,000
Total	\$ 5,266,982	\$ -	\$ 5,266,982

Note 4 - Property Tax

The Snohomish County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed as they are received. Property tax revenues are recognized when cash is recorded as received by the County.

Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due on April 30 and the balance is due October 31. Delinquent taxes are considered fully collectible, bear interest at 12 percent, and are subject to additional penalties if not paid as scheduled.

In 2019, the Fire Authority levied the following property taxes:

	Assessed Value	Levy Rate/\$1000	Levy Amount
Fire Operations	\$2,613,860,967	\$1.360	\$3,553,797
Emergency Medical Services (EMS)	2,647,667,267	0.409	1,082,769
		<u>\$1.769</u>	<u>\$ 4,636,567</u>

Note 5 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides additional information regarding the outstanding debt and liabilities of the Fire Authority and summarizes the Fire Authority's debt transactions for year ended December 31, 2019.

Note 6 - Pension Plans

Substantially all of the Fire Authority's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The full-time firefighters and chief administrative positions participate in LEOFF 2

Notes to the Financial Statements
For the year ended December 31, 2019

while the part-time firefighters and administration positions are enrolled in PERS 2/3.

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:

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Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

The Fire Authority 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 Fire Authority's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

System	Allocation %	Liability (Asset)
PERS 1	0.007894%	\$303,552
PERS 2/3	0.010195%	\$99,028
LEOFF 2	0.0935223%	(\$2,166,618)
VFFRPF	0.0500000%	(\$30,817)

The Fire Authority 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 7 - Other Disclosures

Self Insurance

The Fire Authority self-insures for Unemployment claims. During 2019, the Fire Authority received no new claims and paid out \$0. Unemployment claims are recorded as an expense in the General Fund.

Insurance

The Fire Authority annually purchases commercial insurance coverage through a joint insurance pool with a number of other fire entities within Snohomish County which is Managed by MacIlvennie Associates, Inc and underwritten by VFIS/Glatfelter Insurance Group. Our premium for 2019 was

Notes to the Financial Statements
For the year ended December 31, 2019

\$91,857 which provided policies for property, crime, portable, equipment, business auto, general liability, management liability, excess liability, group accident and sickness, and 24 hours accidental death and dismemberment. Deductibles for the policies range from zero to \$1,000. The most common claims each year are involving property loss or damage related to vehicles and apparatus.

The Fire Authority works with our insurance underwriter to manage risk by providing numerous training opportunities for the employees in areas of health and safety, vehicle operations, and administration. These trainings are conducted through in-person workshops and seminars, as well as on-line or DVD courses. The Fire Authority is also audited by our underwriter to further assess levels of exposure and best practices to address training and potential risk issues.

Joint Venture

North County RFA and other police and fire entities operate jointly the Snohomish County 911 (SnoCom 911). SnoCom 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain, and operate a support communications center. Control of SnoCom 911 is with a 16 member Board of Directors which is specified in the Interlocal Agreement. SnoCom 911 takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SnoCom 911, any money in the possession of SnoCom 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under the Agreement shall be returned to the parties to the Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, North County RFA's share was \$358,471 on December 31, 2019.

Complete financial statements for SnoCom 911 can be obtained from the administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

Government combination

In the fall of 2019, the City of Stanwood residents approved a ballot issue which allowed the City to annex into the Fire Authority. While the Fire Authority has provided services to the City for a number of years, it was always done under a contract for services.

This annexation has no fiscal impact in 2019 as the City will continue to make a quarterly payment to the Fire Authority equal to the Fire Authority's 2019 levy rates for property and EMS taxes. Starting in 2020, the residents will be directly assessed the Fire Authority's property and EMS levy rates on their property tax statements and the City will no longer be obligated to pay the Fire Authority under the previous contract for services.

Training Center Project

The Authority has created a plan to develop a training center in the next three years. The Authority purchased property within our service area boundaries in 2020 the development of the training center is in the planning stages. Long-term, the property may also include the construction of a new fire station to replace the aging Station# 96. The Authority issued \$5.5 million in general obligation bonds in 2020 to fund the project and purchase two fire apparatus.

Notes to the Financial Statements
For the year ended December 31, 2019

Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a Covid-19. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

As a first responder agency, the impact of the virus is substantial to our operations. A great number of new protocols and standard operating procedures were created and implemented. Some of these procedures addressed responding to calls, utilization of proper PPE, and the handling of suspected infected patients.

There is also the financial impact of this emergency. Some of our Firefighters/EMTs were exposed to infected patients prior to the implementation of all the safety protocols. The exposed employees were then mandated to take a fourteen day quarantine to determine if they developed any symptoms. While no employees tested positive there was a number of overtime shifts required to cover those quarantined employee's shifts.

There is also a great deal of expense related to the purchasing and acquiring all the necessary PPE equipment and decontamination equipment. The total of these figures are not yet known but while reach into the tens of thousands of dollars. Based upon the different grants and financial assistance being offered from FEMA and other governmental agencies, the Authority expects to be reimbursed anywhere from 75% to 100% of the associated costs.

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

**North County Regional Fire Authority
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						
251.11	Training Center GO Bonds	12/1/1939	-	5,065,000	245,000	4,820,000
	Total General Obligation Debt/Liabilities:		-	5,065,000	245,000	4,820,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Balances-Sick		444,708	241,145	239,300	446,553
259.12	Compensated Balances-Vacation		202,314	339,474	282,291	259,497
264.30	Pension Liabilities		402,580	-	12,304	390,276
	Total Revenue and Other (non G.O.) Debt/Liabilities:		1,049,602	580,619	533,895	1,096,326
	Total Liabilities:		1,049,602	5,645,619	778,895	5,916,326

**North County Regional Fire Authority
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 Balances-Vacation		182,003	256,066	235,755	202,314
259.12	Compensated Balances-Sick		404,675	199,995	159,962	444,708
264.30	Pension Liabilities		486,270	-	83,690	402,580
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,072,948	456,061	479,407	1,049,602
Total Liabilities:			1,072,948	456,061	479,407	1,049,602

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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Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov