



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Snohomish County Fire Protection District No. 15

For the period January 1, 2021 through December 31, 2022

Published March 25, 2024

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

March 25, 2024

Board of Commissioners
Snohomish County Fire Protection District No. 15
Marysville, Washington

Report on Financial Statements

Please find attached our report on Snohomish County Fire Protection District No. 15's financial statements.

We are issuing this report in order to provide information on the District'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*

Snohomish County Fire Protection District No. 15 January 1, 2021 through December 31, 2022

Board of Commissioners
Snohomish County Fire Protection District No. 15
Marysville, 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 Snohomish County Fire Protection District No. 15, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 12, 2024.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON 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 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 12, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Snohomish County Fire Protection District No. 15 January 1, 2021 through December 31, 2022

Board of Commissioners
Snohomish County Fire Protection District No. 15
Marysville, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Snohomish County Fire Protection District No. 15, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

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

As described in Note 1, the District 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 of Snohomish County Fire Protection District No. 15, and its changes in cash and investments, for the years ended December 31, 2022 and 2021, 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 Snohomish County Fire Protection District No. 15, as of December 31, 2022 and 2021, 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 District, 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 District 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 District'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 District'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 District'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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 on our consideration of the District'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 District'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 District'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

March 12, 2024

FINANCIAL SECTION

Snohomish County Fire Protection District No. 15 January 1, 2021 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022

Fund Resources and Uses Arising from Cash Transactions – 2021

Notes to Financial Statements – 2022

Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022

Schedule of Liabilities – 2021

Snohomish County Fire Protection District No. 15
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 General Fund	300 Acquisition Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	1,563,892	1,255,708	308,184
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	986,887	986,887	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,817,203	1,817,203	-
340	Charges for Goods and Services	1,736,742	1,736,742	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	89,051	81,996	7,055
Total Revenues:		4,629,883	4,622,828	7,055
Expenditures				
510	General Government	-	-	-
520	Public Safety	3,294,006	3,282,881	11,125
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		3,294,006	3,282,881	11,125
Excess (Deficiency) Revenues over Expenditures:		1,335,877	1,339,947	(4,070)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	260,000	-	260,000
397	Transfers-In	346,820	-	346,820
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		606,820	-	606,820
Other Decreases in Fund Resources				
594-595	Capital Expenditures	336,254	-	336,254
591-593, 599	Debt Service	52,348	52,348	-
597	Transfers-Out	346,820	346,820	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		735,422	399,168	336,254
Increase (Decrease) in Cash and Investments:		1,207,275	940,779	266,496
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	574,680	-	574,680
50891	Unassigned	2,196,489	2,196,489	-
Total Ending Cash and Investments		2,771,169	2,196,489	574,680

The accompanying notes are an integral part of this statement.

Snohomish County Fire Protection District No. 15
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	300 Acquisition Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	1,352,442	1,198,995	153,447
388 / 588	Net Adjustments	(2,039)	7,160	(9,199)
Revenues				
310	Taxes	952,793	952,793	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,221,998	1,221,998	-
340	Charges for Goods and Services	2,032,869	2,032,869	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	25,058	24,354	704
Total Revenues:		4,232,718	4,232,014	704
Expenditures				
510	General Government	-	-	-
520	Public Safety	3,743,483	3,730,532	12,951
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		3,743,483	3,730,532	12,951
Excess (Deficiency) Revenues over Expenditures:		489,235	501,482	(12,247)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	400,000	-	400,000
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		400,000	-	400,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	275,746	51,929	223,817
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	400,000	400,000	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		675,746	451,929	223,817
Increase (Decrease) in Cash and Investments:		213,489	49,553	163,936
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	308,184	-	308,184
50891	Unassigned	1,255,708	1,255,708	-
Total Ending Cash and Investments		1,563,892	1,255,708	308,184

The accompanying notes are an integral part of this statement.

Snohomish County Fire Protection District No. 15

For the Year Ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Snohomish County Fire Protection District No. 15 (District No. 15) is a special purpose government that provides fire suppression, emergency medical services, public education and fire prevention services. District No. 15 is supported primarily through property taxes and funding from the Tulalip Tribes. District No. 15 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.

District No. 15 is governed by a Board of Fire Commissioners, consisting of three elected members that 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 District No. 15. The Fire Chief is accountable to the Board of Fire Commissioners for the activities being managed.

District No. 15 is the primary, special purpose government responsible for all fire protection and BLS responsibilities within its service areas. As a result, all significant activities have been included in the financial statements. District No. 15's financial statements represent those of a stand-alone government, as there are no component units.

District No. 15 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 5 – 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 District No. 15 are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments,

revenues and expenditures. District No. 15's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

Fund Types & Funds	Number Range	Description
Governmental Fund Types		
General Fund	000-099	This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.
Capital Projects Funds	300-399	These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

C. Cash and Investments

(See Note 4-*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 District No. 15 are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 500 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1440. Upon separation or retirement employees receive payment for unused sick leave. Sick leave for admin staff is paid out at 1/3 value of total accrual balance. Full time union employees are paid out as follows: 0-500 hours- 25%, 501-1000 hours- 50%, 1001-1440 hours- 75%.

Payments are recognized as expenditures when paid.

Ending Balance 12/31/2022		
Leave Type	Hours	Total Value
Total Sick	3867	193,531
Total Vacation/Holiday	3779	164,027
Total All Accruals	7646	357,558

F. Long-Term Debt –

(See Note 5- *Long Term Debt*)

G. Restricted and committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of no restrictions. Funds held in the Acquisition Fund are segregated there for the purposes of purchasing capital items or property, but the district has no legal or board-authorized restrictions on those funds.

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 Board of Commissioners. When expenditures that meet restrictions are incurred, District No. 15 intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following on December 31, 2022:

Fund	Purpose	Amount	Restriction Type
001 General Fund- Operating	Operating & Reserve	2,196,489	None
301 Acquisition Fund	Capital Reserve	574,680	Assigned
		2,771,169	

Note 2 – Budget Compliance

District No. 15 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 appropriated budgets are adopted on the same basis of accounting as used for financial reporting. Annual appropriations for these funds lapse at the fiscal year end.

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

Fund/Department	Budget	Actual Expenses	Variance
001 General Fund	4,139,899	3,682,049	457,850
301 Acquisition Fund	389,850	347,379	42,471

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the district legislative body.

Note 3 – Deposits and Investments

Investments are reported at fair value. Deposits and investments by type on December 31, 2022, are as follows:

Type of Deposit or Investment	District's own deposits & investments	Total
Bank Deposits	501,041	501,041
Local Government Investment Pool (LGIP)	2,270,128	2,270,128
Totals	2,771,169	2,771,169

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

Investments in the State Local Government Investment Pool (LGIP)

The district 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.

Custodial Credit Risk

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

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

Note 4 – Joint Ventures

Sno911 Joint Venture

The district 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 remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the district's share was \$46,636 on December 31, 2022.

Snohomish County 911's 2022 operating budget was \$26,034,697, operating revenues received were \$26,904,022 and total operating expenditures were \$25,119,101. 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 5 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides additional information regarding the outstanding debt and liabilities of District No. 15 and summarizes District No. 15's debt transactions for year ended December 31, 2022.

In 2019, the district entered into a lease agreement with the option to purchase a Spartan S-180 Pumper apparatus. The terms were for \$424,217.40 equipment cost for ten years at 4.344% lease rate with a final payment on November 15, 2027.

In 2022, the district approved a non-voted LTGO Bond for a 2022 North Star Ambulance. The terms were for \$260,000 apparatus cost for seven years at 3.72% for the first 5 years and 3.82% for the last 2 years. Final payment on December 1, 2029. First payment is due in June 2023.

Year	Principal	Interest	Total Debt Service
2023	151,385	17,310	168,694
2024	66,664	13,699	80,363
2025	69,426	11,129	80,555
2026	72,302	7,877	80,179
2027	75,298	4,881	80,179
2028-2032	53,884	2,597	56,481
<i>Totals</i>	\$ 488,959	\$ 57,492	\$ 546,450

Note 6 - Pension Plans

A. State Sponsored Pension Plans

District No. 15's full-time employees participate in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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

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

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

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

District No. 15 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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

On June 30, 2022 (the measurement date of the plans), District No. 15's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
LEOFF 2	81,235	0.03923800%	(2,717,698,000)		(1,066,370)
VFFRPF	510	0.270000%			(75,811)
		<i>Totals</i>		\$ -	\$ (1,142,181)

District No. 15 also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Defined Contribution Pension Plans

The district participates in a deferred compensation program. Employees and the District both contribute a percentage of the employee's pre-tax wages into a private program administered by Nationwide Financial Services. The percentage deferred and matched vary from 5.0% to 7.5%. In 2022, the district contributed \$73,874.59 into the Nationwide program.

Note 7 - 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.

Washington State law requires Assessors appraise property at 100 percent of its “true and fair market value” according to the “highest and best use” of the property. Taxes levied in 2022 were based on market sales in 2020, except for new construction. New construction values were established as of July 31, 2020.

In 2022, District No. 15 levied the following property taxes:

Levy Type	Per \$1,000	Assessed Valuation	Amount
Regular	1.23323218	578,839,200	713,843
EMS Levy	0.47502012	589,920,800	280,224

As of December 31, 2022, the outstanding property taxes receivable for the General Fund were \$48,741.19.

Note 8 – Risk Management

The district is a member of a group of Snohomish County Fire Departments that purchases commercial insurance policies for all property and liability risks throughout the group.

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

The only area of risk that the district self-insures is unemployment compensation. While we participate in the Washington State Employment Security Department (ESD) unemployment insurance, we do not pay premiums but rather reimburse ESD when claims are approved and paid by ESD.

The employees of the district 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 district does not participate in funding of the Washington State Paid Family Medical Leave (PFML) program as it is below the minimum of employees. The employees do pay into the program and are eligible to participate in the PFML program.

Note 9- Leases

During the year ended 12/31/2022, the district adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities. The lease agreement was executed on 9/13/2022 and has a term of 60 months at 140.00 per month.

Year	Total
2022	420
2023	1,680
2024	1,680
2025	1,680
2026	1,680
2027	1,260
<i>Totals</i>	\$ 8,400

Snohomish County Fire Protection District No. 15

For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Snohomish County Fire Protection District No. 15 (District No. 15) is a special purpose government that provides fire suppression, emergency medical services, public education and fire prevention services. District No. 15 is supported primarily through property taxes. District No. 15 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.

District No. 15 is governed by a Board of Fire Commissioners, consisting of three elected members that 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 District No. 15. The Fire Chief is accountable to the Board of Fire Commissioners for the activities being managed.

District No. 15 is the primary, special purpose government responsible for all fire protection and BLS responsibilities within its service areas. As a result, all significant activities have been included in the financial statements. District No. 15's financial statements represent those of a stand-alone government, as there are no component units.

District No. 15 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 5 – 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 District No. 15 are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. District No. 15's resources are allocated to and accounted

for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

Fund Types & Funds	Number Range	Description
Governmental Fund Types		
General Fund	000-099	This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.
Capital Projects Funds	300-399	These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

C. Cash and Investments

(See Note 4-*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 District No. 15 are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 500 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1440. Upon separation or retirement employees receive payment for unused sick leave. Payments are recognized as expenditures when paid.

Ending Balance 12/31/21		
Leave Type	Hours	Total Value
Total Sick	7,336	\$ 366,973
Total Vacation	4,224	\$ 156,495
Total All Accruals	11,560	\$ 523,468

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 are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the board of commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of no restrictions. Funds held in the Acquisition Fund are segregated there for the purposes of purchasing capital items or property but the district has no legal or board-authorized restrictions on those funds.

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 Board of Commissioners. When expenditures that meet restrictions are incurred, District No. 15 intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following at December 31, 2021:

Fund	Purpose	Amount	RestrictionType
001 General Fund-Operating	Operating & reserve	\$ 1,255,708	None
301 Acquisition Fund	Apparatus/equipment reserve	308,184	Assigned
		<u>\$ 1,563,892</u>	

Note 2 – Budget Compliance

District No. 15 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 appropriated budgets are adopted on the same basis of accounting as used for financial reporting. Annual appropriations for these funds lapse at the fiscal year end.

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
General Fund	4,257,561	4,182,461	75,100
Acquisition Fund	245,000	236,768	8,232

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the district legislative body.

Note 3 – 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. 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 district 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 District is unknown at this time.

The District also received from the Snohomish County Fire Task Force \$26,855 worth of PPE for the protection of our staff. Items received included gloves, gowns, and N95 masks.

Note 4 – Deposits and Investments

Investments are reported at fair value. Deposits and investments by type at December 31, 2021 are as follows:

Type of Deposit or Investment	District's own deposits & investments	Total
Bank Deposits	1,121,171	1,121,171
Local Government Investment Pool (LGIP)	442,722	442,722
Totals	1,563,893	1,563,893

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

Investments in the State Local Government Investment Pool (LGIP)

The district 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.

Custodial Credit Risk

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

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

Note 5 – Joint Ventures

Sno911 Joint Venture

The District 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 remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the District's share was \$70,433 on December 31, 2021.

Snohomish County 911's 2021 operating budget was \$24,429,390, operating revenues received were \$25,450,056 and total operating expenditures were \$23,395,721. 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 6 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides additional information regarding the outstanding debt and liabilities of District No. 15 and summarizes District No. 15's debt transactions for year ended December 31, 2021.

In 2019, the District entered into a lease agreement for a Spartan S-180 Pumper apparatus. The terms were for \$415,950 equipment cost for ten years at 4.27% lease rate with a final payment on November 27, 2027.

Year	Principal	Interest	Total Debt Service
2021	38,559	13,370	51,929
2022	40,234	11,694	51,928
2023	41,982	9,947	51,929
2024	43,622	8,307	51,929
2025	45,334	6,596	51,929
2026-2027	98,022	5,837	103,858
<i>Totals</i>	<i>\$ 307,752</i>	<i>\$ 55,750</i>	<i>\$ 363,502</i>

Note 7 - Pension Plans

A. State Sponsored Pension Plans

District No. 15's full-time employees participate in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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

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

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

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

District No. 15 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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021 (the measurement date of the plans), District No. 15's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
LEOFF 2	80,286	0.04027500%	5,808,414,000		2,339,339
VFFRPF	630	0.320000%			71,269
		<i>Totals</i>		\$ -	\$ 2,410,607

District No. 15 also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Defined Contribution Pension Plans

The district participates in a deferred compensation program. Employees and the District both contribute a percentage of the employee's pre-tax wages into a private program administered by Nationwide Financial Services. The district agrees to match the employee participant contribution to the program up to 5% for all represented employees. The district will contribute up to 7.5% to the deferred compensation program for all represented employees unless individual employee contract specify otherwise. In 2021, the district contributed \$59,967 into the Nationwide program.

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.

Washington State law requires Assessors appraise property at 100 percent of its “true and fair market value” according to the “highest and best use” of the property. Taxes levied in 2021 were based on market sales in 2019, except for new construction. New construction values were established as of July 31, 2019.

In 2021, District No. 15 levied the following property taxes:

Levy Type	Per \$1,000	Assessed Valuation	Amount
Regular	1.35718180	516,081,729	700,417
EMS Levy	0.50000000	525,725,029	262,863
		Totals	\$ 963,279

As of December 31, 2021, the outstanding property taxes receivable for the General Fund were \$40,698.

Note 9 – Risk Management

The District is a member of a group of Snohomish County Fire Departments that purchases commercial insurance policies for all property and liability risks throughout the group.

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

The only area of risk that the District self-insures is for unemployment compensation. While we participate in the Washington State Employment Security Department (ESD) unemployment insurance, we do not pay premiums but rather reimburse ESD when claims are approved and paid by ESD.

The employees of the District 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 District does not participate in funding of the Washington State Paid Family Medical Leave (PFML) program as it is below the minimum of employees. The employees do pay into the program and are eligible to participate in the PFML program.

Snohomish County Fire Protection District No. 15
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Fire Truck Lease Purchase	11/15/2027	269,193	-	40,234	228,959
251.11	Ambulance- M60	12/1/2029	-	260,000	-	260,000
Total General Obligation Debt/Liabilities:			269,193	260,000	40,234	488,959
Revenue and Other (non G.O.) Debt/Liabilities						
263.57	Copier Lease	10/1/2027	-	8,400	420	7,980
259.12	Compensated Balances- Sick		366,973	-	173,442	193,531
259.12	Compensated Balances- Vacation		156,495	7,532	-	164,027
Total Revenue and Other (non G.O.) Debt/Liabilities:			523,468	15,932	173,862	365,538
Total Liabilities:			792,661	275,932	214,096	854,497

Snohomish County Fire Protection District No. 15
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Fire Truck Lease	11/27/2027	307,752	-	38,559	269,193
Total General Obligation Debt/Liabilities:			307,752	-	38,559	269,193
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Balances-Sick		258,835	108,138	-	366,973
259.12	Compensated Balances-Vacation		146,868	9,627	-	156,495
Total Revenue and Other (non G.O.) Debt/Liabilities:			405,703	117,765	-	523,468
Total Liabilities:			713,455	117,765	38,559	792,661

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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- Main telephone:
(564) 999-0950
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webmaster@sao.wa.gov