

Financial Statements Audit Report

Benton County Fire Protection District No. 4

For the period January 1, 2020 through December 31, 2022

Published June 27, 2024 Report No. 1035115



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Office of the Washington State Auditor Pat McCarthy

June 27, 2024

Board of Commissioners Benton County Fire Protection District No. 4 West Richland, Washington

Report on Financial Statements

Please find attached our report on Benton County Fire Protection District No. 4'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

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Olympia, WA

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Benton County Fire Protection District No. 4 January 1, 2020 through December 31, 2022

The District's internal controls over financial operations were inadequate to prevent management's override of internal controls and to ensure accurate and complete financial reporting.

Background

The District's governing body and management is responsible for designing and following internal controls that provide reasonable assurance financial statements are complete and reliable. The District prepares financial statements using the cash-basis accounting method prescribed in the *Budgeting, Accounting and Reporting System* (BARS Manual).

Our audit found significant deficiencies in internal controls over accounting and financial reporting that affected the District's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies as a finding. The Applicable Laws and Regulations section below defines the standards for significant deficiencies.

Description of Condition

The District does not have a process for an independent staff member or a board member to review adjusting journal entries, financial statements, notes or schedules.

Specifically, the District did not:

- Complete a secondary review of accounting adjustments to the District's general ledger
- Have an effective process in place to identify new reporting requirements
- Adequately research accounting requirements to properly report Other Postemployment Benefit (OPEB) programs and lease liabilities

Cause of Condition

The District relied on one employee to complete all financial activities without a secondary review. The District did not stay updated on new BARS Manual reporting requirements or take trainings to understand new guidance. Specifically, District staff were unaware of the new accounting changes over OPEB or lease liability reporting.

Effect of Condition

The District processed adjusting journal entries without an independent review totaling \$141,805, \$287,792 and \$25,723 in 2022, 2021 and 2020, respectively. Our audit identified \$10,671 in unsupported adjustments. Without support for these adjustments, we are unable to determine if the adjustments were for a valid purpose.

The District did not properly disclose the details of its OPEB plan in the note disclosures and did not record lease liabilities totaling \$19,846 on the Schedule of Liabilities.

Subsequently, the District updated the notes disclosure to include the OPEB disclosure and corrected the Schedule of Liabilities.

Recommendation

We recommend the District implement an independent review process by District staff or a board member for all adjustments to the accounting system, the financial statements, notes and schedules to ensure proper and complete reporting.

District's Response

Benton County Fire District #4 values the insights provided in the Washington State Audit covering the period from January 1, 2020, to December 31, 2022, and we recognize the significance of the issues raised regarding the over-reliance on a single employee for financial activities and inadequate training on updated reporting requirements.

Regarding the reliance on a sole employee for financial tasks without secondary review, we acknowledge the heightened risk of errors or oversights inherent in such a practice. To address this concern, we are undertaking the following measures:

1. **Appointment of Finance Manager:** We have appointed a new Finance Manager who brings over 30 years of extensive experience in financial management, garnered from her tenure at a neighboring fire district. With

- a proven track record of success in overseeing financial operations and implementing best practices, she adds significant value to our team, ensuring compliance and efficiency.
- 2. Segregation of Duties: We are restructuring our financial processes to ensure proper segregation of duties, especially in critical areas like financial reporting and transaction processing. This entails hiring additional administrative personnel and assigning responsibilities to multiple individuals, along with implementing checks and balances to mitigate the risk of errors or fraud.
- 3. Secondary Review Procedures: We are instituting procedures for conducting secondary reviews of financial activities to provide an extra layer of oversight and validation. These reviews will be carried out by qualified personnel to ensure the accuracy and integrity of our financial data.

Regarding the lack of awareness of new reporting requirements, particularly concerning Other Postemployment Benefits (OPEB) and lease liability reporting, we recognize the importance of staying updated on changes in accounting standards and regulations. To tackle this issue, we are implementing the following steps:

- 1. **Training and Education:** We are prioritizing training and education initiatives to ensure our staff stay informed about new reporting requirements. This includes participation in relevant workshops, seminars, and webinars offered by authoritative bodies such as the BARS Manual and other professional organizations.
- 2. **Regular Review of Updates:** We are establishing a process for regularly reviewing updates to the BARS Manual and other relevant guidance to stay abreast of changes in accounting standards and reporting requirements. Responsibility for monitoring updates and disseminating relevant information to key personnel will be assigned.
- 3. **Consultation with Experts:** We are leveraging external resources and expertise to supplement our internal knowledge of new reporting requirements. This may involve engaging with accounting professionals or consultants specializing in governmental accounting and financial reporting.

Regarding the processing of adjusting journal entries without independent review, we acknowledge the importance of ensuring proper oversight and review

procedures for all financial transactions. Immediate steps are being taken to rectify deficiencies in our internal controls.

In conclusion, Benton County Fire District #4 is committed to addressing the causes of conditions identified in your audit and implementing proactive measures to strengthen our financial processes and compliance efforts. We appreciate the guidance provided by your office and remain dedicated to continuous improvement in our operations.

Auditor's Remarks

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

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*

Benton County Fire Protection District No. 4 January 1, 2020 through December 31, 2022

Board of Commissioners Benton County Fire Protection District No. 4 West Richland, 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 Benton County Fire Protection District No. 4, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated June 20, 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. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001 that we consider to be significant deficiencies.

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*.

DISTRICT'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Pat McCarthy, State Auditor

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Olympia, WA

June 20, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Benton County Fire Protection District No. 4 January 1, 2020 through December 31, 2022

Board of Commissioners Benton County Fire Protection District No. 4 West Richland, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Benton County Fire Protection District No. 4, as of and for the years ended December 31, 2022, 2021 and 2020, 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 Benton County Fire Protection District No. 4, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, 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 Benton County Fire Protection District No. 4, as of December 31, 2022, 2021 and 2020, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance for lease reporting as required by the BARS Manual. Our opinion is not modified with respect to this matter.

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 Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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.

Pat McCarthy, State Auditor

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Olympia, WA

June 20, 2024

FINANCIAL SECTION

Benton County Fire Protection District No. 4 January 1, 2020 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022

Fund Resources and Uses Arising from Cash Transactions – 2021

Fund Resources and Uses Arising from Cash Transactions – 2020

Notes to Financial Statements – 2022

Notes to Financial Statements – 2021

Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022

Schedule of Liabilities – 2021

Schedule of Liabilities – 2020

		Total for All Funds (Memo Only)	001 General Fund	201 EMS Bond Fund	202 Construction Bond Fund
Beginning Cash	and Investments				
308	Beginning Cash and Investments	7,038,650	6,409,368	18,971	136,554
388 / 588	Net Adjustments	(8,257)	(8,257)	-	-
Revenues					
310	Taxes	5,037,914	4,570,342	208,911	258,661
320	Licenses and Permits	-	-	· <u>-</u>	-
330	Intergovernmental Revenues	405,752	405,752	-	-
340	Charges for Goods and Services	569,300	569,300	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	146,068	136,545	2,441	1,532
Total Revenue	es:	6,159,034	5,681,939	211,352	260,193
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	4,412,145	4,412,145	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expendit	tures:	4,412,145	4,412,145		
Excess (Defici	ency) Revenues over Expenditures:	1,746,889	1,269,794	211,352	260,193
Other Increases	in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	75,522	-	75,522	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	35,357	35,357	-	
Total Other Inc	creases in Fund Resources:	110,879	35,357	75,522	-
Other Decreases	in Fund Resources				
594-595	Capital Expenditures	186,816	25,413	-	-
591-593, 599	Debt Service	457,450	-	136,225	321,225
597	Transfers-Out	75,522	-	-	75,522
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	127	127		
Total Other De	ecreases in Fund Resources:	719,915	25,540	136,225	396,747
Increase (Dec	crease) in Cash and Investments:	1,137,853	1,279,611	150,649	(136,554)
Ending Cash and	l Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	3,504,052	3,016,527	169,621	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	4,664,195	4,664,195		
Total Ending	Cash and Investments	8,168,247	7,680,722	169,621	-

		341 Construction Bond Fund
Beginning Cash a	nd Investments	
308	Beginning Cash and Investments	473,757
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	5,550
Total Revenues	s:	5,550
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditu	ires:	-
Excess (Deficie	ncy) Revenues over Expenditures:	5,550
Other Increases in	n Fund Resources	
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Incr	reases in Fund Resources:	-
	n Fund Resources	
594-595	Capital Expenditures	161,403
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	
Total Other Dec	creases in Fund Resources:	161,403
Increase (Decr	rease) in Cash and Investments:	(155,853)
Ending Cash and	Investments	
50821	Nonspendable	-
50831	Restricted	317,904
50841	Committed	-
50851	Assigned	-
50891	Unassigned	
Total Ending C	Cash and Investments	317,904

		Total for All Funds (Memo Only)	001 General Fund	201 EMS Bond Fund	202 Construction Bond Fund
Beginning Cash	and Investments				
308	Beginning Cash and Investments	6,398,747	5,286,217	17,560	84,397
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	4,665,030	4,192,130	1,196	471,704
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	401,951	401,951	-	-
340	Charges for Goods and Services	449,225	449,225	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	147,200	134,776	215	2,254
Total Revenue	es:	5,663,406	5,178,082	1,411	473,958
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	4,045,028	4,045,028	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expendit	ures:	4,045,028	4,045,028		
Excess (Defici	ency) Revenues over Expenditures:	1,618,378	1,133,054	1,411	473,958
Other Increases i	n Fund Resources				
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	_	_
Total Other Inc	creases in Fund Resources:	-	-	-	-
	in Fund Resources				
594-595	Capital Expenditures	557,187	10,714	-	-
591-593, 599	Debt Service	422,100	-	-	421,800
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(810)	(810)		
Total Other De	creases in Fund Resources:	978,477	9,904		421,800
Increase (Dec	rease) in Cash and Investments:	639,901	1,123,150	1,411	52,158
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	3,375,254	2,745,972	18,971	136,554
50841	Committed	-	-	-	-
50851	Assigned	710,222	710,222	-	-
50891	Unassigned	2,953,174	2,953,174		
Total Ending	Cash and Investments	7,038,650	6,409,368	18,971	136,554

		341 Construction Bond Fund
Beginning Cash a	nd Investments	
308	Beginning Cash and Investments	1,010,573
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	9,955
Total Revenues	s:	9,955
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditu	ires:	
Excess (Deficie	ncy) Revenues over Expenditures:	9,955
Other Increases in	n Fund Resources	
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Incr	eases in Fund Resources:	-
Other Decreases i	n Fund Resources	
594-595	Capital Expenditures	546,473
591-593, 599	Debt Service	300
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	
Total Other Dec	creases in Fund Resources:	546,773
Increase (Decr	rease) in Cash and Investments:	(536,818)
Ending Cash and	Investments	
50821	Nonspendable	-
50831	Restricted	473,757
50841	Committed	-
50851	Assigned	-
50891	Unassigned	
Total Ending C	Cash and Investments	473,757

		Total for All Funds (Memo Only)	001 General Fund	201 EMS Bond Fund	202 Construction Bond Fund
Beginning Cash a	and Investments				
308	Beginning Cash and Investments	11,456,878	4,510,267	16,782	37,107
388 / 588	Net Adjustments	13,500	13,500	-	-
Revenues					
310	Taxes	4,041,750	3,595,428	503	445,819
320	Licenses and Permits	-	<u>-</u>	-	-
330	Intergovernmental Revenues	339,017	339,017	-	-
340	Charges for Goods and Services	437,101	437,101	-	-
350	Fines and Penalties	-	_	-	-
360	Miscellaneous Revenues	175,743	100,579	276	2,171
Total Revenues	S:	4,993,611	4,472,125	779	447,990
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,562,200	3,562,200	-	-
530	Utilities	-	-	-	-
540	Transportation	-	_	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	<u>-</u>	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditu	ures:	3,562,200	3,562,200		
Excess (Deficie	ency) Revenues over Expenditures:	1,431,411	909,925	779	447,990
Other Increases in	n Fund Resources				
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	23,800	23,800		_
Total Other Inc	reases in Fund Resources:	23,800	23,800	-	-
	in Fund Resources				
594-595	Capital Expenditures	6,125,935	171,069	-	-
591-593, 599	Debt Service	400,700	-	-	400,700
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	211	211		
Total Other De	creases in Fund Resources:	6,526,846	171,280	-	400,700
Increase (Dec	rease) in Cash and Investments:	(5,071,635)	762,445	779	47,290
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	3,244,435	2,131,905	17,560	84,397
50841	Committed	-	-	-	-
50851	Assigned	690,641	690,641	-	-
50891	Unassigned	2,463,671	2,463,671	<u> </u>	<u>-</u>
Total Ending (Cash and Investments	6,398,747	5,286,217	17,560	84,397

		341 Construction Bond Fund
Beginning Cash a	nd Investments	
308	Beginning Cash and Investments	6,892,722
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	72,717
Total Revenues	S:	72,717
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditu	ires:	-
Excess (Deficie	ncy) Revenues over Expenditures:	72,717
Other Increases in	n Fund Resources	
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Incr	reases in Fund Resources:	-
Other Decreases i	n Fund Resources	
594-595	Capital Expenditures	5,954,866
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	
Total Other Dec	creases in Fund Resources:	5,954,866
Increase (Decr	ease) in Cash and Investments:	(5,882,149)
Ending Cash and	Investments	
50821	Nonspendable	-
50831	Restricted	1,010,573
50841	Committed	-
50851	Assigned	-
50891	Unassigned	
Total Ending C	Cash and Investments	1,010,573

Note 1 - Summary of Significant Accounting Policies

Benton County Fire Protection District No. 4 was incorporated on 03/15/1954 and operates under the laws of the state of Washington applicable to a fire district. The district is a special purpose local government and provides fire protection and emergency medical services.

The district reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to the Financial Statements*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

These funds 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

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.

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation for union employees working a 24-hour shift is accumulated based on their length of employment, with a maximum of 500 hours accrual. The Fire Chief receives 288 hours of vacation each year with a maximum accrual of 864 hours. The District Secretary/Finance Manager accumulates 24 hours of vacation per month with a maximum accrual of 864 hours. Part time administrative assistant receives 6 hours of vacation. Accrued vacation leave shall be paid in full when leaving District employment.

Union members will receive 72 hours of sick/personal leave at the beginning of employment. Thereafter employees on a 24-hour shift will accumulate 24 hours per month with a maximum accrual of 1440 hours. The District Secretary receives 7 days of sick/personal leave at the beginning of employment and 8 hours accrual each month. The Fire Chief receives 8 hours per month of sick/personal leave and may accumulate up to 1040 hours with a 25 percent buyout after five years of employment. Part time administrative assistant receives 6 hours of sick leave per month. Upon separation or retirement, Union employees may receive payment for unused sick leave. Payments are recognized as expenditures when paid.

The total cost of compensated absences at the end of 2022 was \$325,150.92.

F. Long-Term Debt

See Note 4 – *Long-Term Debt (formerly Debt Service Requirements)*.

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 fire commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Note 2 - Budget Compliance

The district adopts annual appropriated budgets for each fund. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final	Appropriated Amounts	Ac	tual Expenses	Variance
001 - General Fund					
General Fund	\$	5,080,760.00	\$	4,369,539.77	\$ 711,220.23
EMS Fund	\$	60,000.00	\$	68,144.67	\$ (8,144.67)
Total 001 - General Fund	\$	5,140,760.00	\$	4,437,684.44	\$ 703,075.56
201 - EMS Bond Fund	\$	-	\$	136,225.00	\$ (136,225.00)
202 - Construction Bond Fund	\$	421,800.00	\$	396,747.46	\$ 25,052.54
341 - Construction Bond Fund	\$	400,000.00	\$	161,402.49	\$ 238,597.51

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

EMS fund variance was due to management oversight.

EMS Bond Fund variance was to due to the county upgrading their accounting software that forces the district to consolidate funds. Fund number 202 was combined with fund number 201.

Note 3 – Deposits and Investments

Investments are reported at (amortized cost/original cost/fair value). Deposits and investments by type at December 31, 2022 are as follows:

Type of Investment	The district's own investments	Investments held by the district as an agent for other local governments, individuals, or private organizations.	Total
Treasurer's Investment Pool (TIP)	8,301,940.74	-	8,301,940.74
Total	8,301,940.74	-	8,301,940.74

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

Investments in (county investment pool)

The district is a voluntary participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at fair value, which is the same as the value of the pool per share/or disclose the difference between the reported amount and the value of pool shares. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates.

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

Note 4 – Long-Term Debt (formerly Debt Service Requirements)

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2022.

The debt service requirements for general obligation bonds is as follows:

Year	Principal	Interest	Total Debt Service
2023	205,000	266,900	471,900
2024	225,000	260,750	485,750
2025	250,000	254,000	504,000
2026	275,000	244,000	519,000
2027	300,000	233,000	533,000
2028-2032	1,945,000	481,200	2,426,200
2033-2037	2,870,000	251,500	3,121,500
2038-2042	710,000	14,200	724,200
Totals	6,780,000	2,005,550	8,785,550

Note 5 – Pension Plans

State Sponsored Pension Plans

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

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

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

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

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

The district also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2022 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	6262.18	0.00102200%	2,784,367,000	28,456	
PERS 2/3	10699	0.00133200%	(3,708,781,000)	-	(49,401)
LEOFF 2	109387.15	0.05283600%	(2,717,698,000)	-	(1,435,923)
VFFRPF	1110	0.580000%	(165,000)	-	(957)
		Totals		\$ 28,456	\$ (1,486,281)

LEOFF Plan 2

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

Note 6 - Property Tax

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

Property tax revenues are recognized when cash is received by the district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The district's regular levy for the year 2022 was \$1.479747650 per \$1,000 on an assessed valuation of \$2,492,738,369 for a total regular levy of \$3,676,726.

The district's Bond levy for the year 2022 was \$0.1894274700 per \$1,000 on an assessed valuation of \$2,481,160,731 for a total regular levy of \$470,000.

The district's EMS levy for the year 2022 was \$0.3560215990 per \$1,000 on an assessed valuation of \$2,492,738,369 for a total regular levy of \$887,469.

Note 7 – Risk Management

Benton County FPD #4 is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber

coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

⁽¹⁾ Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Property (2):

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery (3)	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/	Per Occurrence	\$250,000	\$100 million (BI)/	\$1,000 - \$250,000
Extra Expense(EE) (4)			\$50 million (EE)	

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Sublimit (5):				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence	\$500,000	\$600 million/	\$0
	APIP Per Occurrence		Pool aggregate	
	APIP Aggregate		\$1.1 billion/	
			per occurrence	
			APIP program	
			\$1.4 billion/ APIP program aggregate	
Automobile Physical		\$25,000;		
Damage ⁽⁶⁾	Per Occurrence	\$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket (7)	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position (8)	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber (9)	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
Identity Fraud Expense Reimbursement (10)	Member Aggregate	\$0	\$25,000	\$0

⁽¹⁾ Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.

⁽²⁾ Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.

⁽³⁾ Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.

⁽⁴⁾ Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.

Coverage	Coverage Type	Pool	Excess/ Reinsurance	Member
		Self-Insured		Deductibles /
		Retention	Limits	Co-Pays (1)

- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Note 8 - Leases

During the year ended December 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 district leases two copiers and one VoIP phone system. Total cost for such leases was \$7,581.38 for the year ended December 31, 2022. The future minimum lease payments for these leases are as follows:

Year	Lease Payments
2023	9,929

2024	8,573
2025	1,344
TOTAL	19,846

Note 9 - OPEB Plans - Defined Contribution

The district participates in a defined contribution HRA Voluntary Employees' Beneficiary Association (VEBA) plan administered by BPAS a wholly owned subsidiary of Community Bank System, Inc. The VEBA/115 Trust HRA Plan is a welfare benefit plan that provides medical benefits only. This Plan does not provide retirement income. The medical reimbursement benefits for a participant in the Plan depend solely on the value of the district's contribution to the Plan on the employee's behalf. The plan allows current employees and retirees a way to pay for out-of-pocket medical, dental, and vision bills, including retiree insurance premiums.

In 2022, the district contributed \$3,000 annually for each fulltime employee.

For 2022, the total amount contributed to the plan by the district was \$62,250. The district had 21 active employees and 13 inactive employees covered by the benefit in 2022.

Note 1 - Summary of Significant Accounting Policies

Benton County Fire Protection District No. 4 was incorporated on 03/15/1954 and operates under the laws of the state of Washington applicable to a fire district. The district is a special purpose local government and provides fire protection and emergency medical services.

The district reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are different from the ending net position classifications in GAAP.

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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.

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

Debt Service Funds

These funds 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

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.

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation for union employees working a 24-hour shift is accumulated based on their length of employment, with a maximum of 500 hours to be carried into the next year. The Fire Chief receives 280 hours of vacation each year with a maximum accrual of 840 hours. The District Secretary/Finance Officer accumulates 14 hours of vacation per month with a maximum accrual of 240 hours. Accrued vacation leave shall be paid in full when leaving District employment.

Union members will receive 72 hours of sick/personal leave at the beginning of employment. Thereafter employees on a 24-hour shift will accumulate 24 hours per month with a maximum accrual of 1440 hours. The District Secretary receives 7 days of sick/personal leave at the beginning of employment and 8 hours accrual each month. The Fire Chief receives 8 hours per month of sick/personal leave and may accumulate up to 1040 hours with a 25 percent buyout after five years of employment. Upon separation or retirement Union employees may receive payment for unused sick leave. Payments are recognized as expenditures when paid.

The total cost of compensated absences at the end of 2021 was \$242,742.08

F. Long-Term Debt

See Note 4 – *Debt Service Requirements*.

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

fire commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Note 1 - Budget Compliance

The district adopts annual appropriated budgets for each fund. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final A	ppropriated Amounts	ts Actual Expenses		Variance	
001 - General Fund						
General Fund	\$	4,182,163.00	\$	3,996,754.45	\$18	5,408.55
EMS Fund	\$	45,000.00	\$	56,218.57	\$ (1	1,218.57)
Equipment Fund	\$	10,000.00	\$	10,714.47	\$	(714.47)
Total 001 - General Fund	\$	4,237,163.00	\$	4,063,687.49	\$17	3,475.51
202 - Construction Bond Fund	\$	421,800.00	\$	421,800.00	\$	-
341 - Construction Bond Fund	\$	1,090,000.00	\$	546,772.04	\$54	3,227.96

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

EMS fund variance was due to unbudgeted purchasing equipment for ambulance services.

Equipment Fund variance was due to an oversight.

Note 2 – 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.

The COVID-19 Pandemic has affected the district in every aspect of daily operations. From having to set up remote workstations to quarantine facilities and keeping up with the ever-changing mandates and requirements. The entire staff has been inundated with changes in business operations, while continuing to maintain operations to provide a service to the citizens we serve and to effectively maintain training

requirements for staff. Remote meetings and remote working have made it difficult for the entire staff from an operational perspective and on a personal level. The Pandemic has and will continue to change the way the district provides fire and emergency services to the community we serve.

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

Note 3 – Deposits and Investments

Investments are reported at (amortized cost/original cost/fair value). Deposits and investments by type at December 31, 2021 are as follows:

Type of Investment	The district's own investments	Investments held by the district as an agent for other local governments, individuals, or private organizations.	Total
Treasurer's Investment	7,229,709.84		7,229,709.84
Pool (TIP)		-	
Total	7,229,709.84	-	7,229,709.84

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

Investments in (county investment pool)

The district is a voluntary_participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at fair value, which is the same as the value of the pool per share/or disclose the difference between the reported amount and the value of pool shares. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates.

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

Note 4 – Long-Term Debt (formerly Debt Service Requirements)

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bond is as follows:

Year	Principal	Interest	Total Debt Service
2022	185,000	272,450	457,450
2023	205,000	266,900	471,900
2024	225,000	260,750	485,750
2025	250,000	254,000	504,000
2026	275,000	244,000	519,000
2027-2031	1,790,000	517,000	2,307,000
2032-2036	2,665,000	304,800	2,969,800
2037-2041	1,370,000	41,600	1,411,600
Totals	6,965,000	2,161,500	9,126,500

Note 5 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

The district also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2020 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL		NPA
PERS 1			1,221,234,000	-		
PERS 1 UAAL	5029.66	0.00067500%	1,221,234,000	8,243		
PERS 2/3	8226.83	0.00086800%	-9,961,609,000			(86,467)
PSERS 2/3			-229,739,000			-
LEOFF 1			-3,425,562,000			-
LEOFF 2	101992.03	0.05116400%	-5,808,414,000			(2,971,817)
VFFRPF	1290	0.660000%	-22,005,000		\$	(145,930.75)
		Totals		\$ 8,243	\$	(3,204,214)

LEOFF Plan 2

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

Note 6 - Property Tax

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

Property tax revenues are recognized when cash is received by district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The district's regular levy for the year 2021 was \$1.50 per \$1,000 on an assessed valuation of \$2,205,973,348 for a total regular levy of \$3,308,960.

The district's Bond levy for the year 2021 was \$0.214913043 per \$1,000 on an assessed valuation of \$2,195,325,034 for a total regular levy of \$470,000.

The district's EMS levy for the year 2021 was \$0.3791221461 per \$1,000 on an assessed valuation of \$2,205,973,348 for a total regular levy of \$836,333.

Note 7 – Risk Management

Benton County FPD #4 is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly

purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

Coverage	Coverage Type	pe Pool Excess/ R		Member
		Self-Insured		Deductibles /
		Retention	Limits	Co-Pays (1)

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible
- (2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
- (3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

Property (2):	Prop	erty	(2):
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Property (2):				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery (3)	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/	Per Occurrence	\$250,000	\$100 million (BI)/	\$1,000 - \$250,000
Extra Expense(EE) (4)			\$50 million (EE)	
Sublimit (5):				
Flood	Per Occurrence	\$250,000	\$50 million	\$1,000 - \$250,000
			(shared by Pool	
			members)	
Earthquake	Per Occurrence	5%; \$500,000	\$10 million	\$1,000 - \$250,000
		maximum	(shared by Pool	
			members)	
Terrorism Primary	Per Occurrence	\$250,000	\$100 million/ Pool	\$1,000 - \$250,000
	Pool Aggregate		member	
			\$200 million	
Terrorism Excess	Per Occurrence	\$500,000	\$600 million/Pool	\$0
	APIP Per Occurrence		member	
			\$1.2 billion/APIP	
	APIP Aggregate		\$1.4 billion/APIP	
Automobile Physical		\$25,000;		
Damage ⁽⁶⁾	Per Occurrence	\$100,000 for	\$800 million	\$250 - \$1,000
	Ter occurrence	Emergency Vehicles	ψουν mmion	Ψ230 Ψ1,000
Crime Blanket (7)	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position (8)	Per Occurrence	\$50,000	\$1 million	\$1,000
(0)	Each Claim	\$100,000	\$2 million	20% Copay
Cyber (9)	APIP Aggregate	\$100,000	\$2 mmon	2070 Copuy

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Identity Fraud Expense Reimbursement (10)	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Note 8 – OPEB Plans – Defined Contribution

The district participates in a defined contribution HRA Voluntary Employees' Beneficiary Association (VEBA) plan administered by BPAS a wholly owned subsidiary of Community Bank System, Inc. The VEBA/115 Trust HRA Plan is a welfare benefit plan that provides medical benefits only. This Plan does not provide retirement income. The medical reimbursement benefits for a participant in the Plan depend solely on the value of the district's contribution to the Plan on the employee's behalf. The plan allows current employees and retirees a way to pay for out-of-pocket medical, dental, and vision bills, including retiree insurance premiums.

In 2021, the district contributed \$3,000 annually for each fulltime employee.

For 2021, the total amount contributed to the plan by the district was \$56,250. The district had 20 active employees and 10 inactive employees covered by the benefit in 2021.

Note 1 - Summary of Significant Accounting Policies

Benton County Fire Protection District No. 4 was incorporated on 03/15/1954 and operates under the laws of the state of Washington applicable to a fire district. The district is a special purpose local government and provides fire protection and emergency medical services.

The district reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to the Financial Statements*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

These funds 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

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.

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation for union employees working a 24-hour shift is accumulated based on their length of employment, with a maximum of 500 hours to be carried into the next year. The Fire Chief receives 280 hours of vacation each year with a maximum accrual of 840 hours. The District Secretary/Finance Officer accumulates 14 hours of vacation per month with a maximum accrual of 240 hours. Accrued vacation leave shall be paid in full when leaving District employment.

Union members will receive 72 hours of sick/personal leave at the beginning of employment. Thereafter employees on a 24-hour shift will accumulate 24 hours per month with a maximum accrual of 1440 hours. The District Secretary receives 7 days of sick/personal leave at the beginning of employment and 8 hours accrual each month. The Fire Chief receives 8 hours per month of sick/personal leave and may accumulate up to 1040 hours with a 25 percent buyout after five years of employment. Upon separation or retirement Union employees may receive payment for unused sick leave. Payments are recognized as expenditures when paid.

The total cost of compensated absences at the end of 2020 was \$220,126.46.

F. Long-Term Debt

See Note 4 – *Debt Service Requirements*.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Note 1 - Budget Compliance

The district adopts annual appropriated budgets for each fund. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final	Appropriated Amounts	Act	ual Expenses	1	Variance
001 - General Fund						
General Fund	\$	3,475,890.16	\$	3,511,772.71	\$ ((35,882.55)
EMS Fund	\$	281,000.00	\$	175,624.45	\$1	105,375.55
Equipment Fund	\$	-	\$	46,079.01	\$ ((46,079.01)
Total 001 - General Fund	\$	3,756,890.16	\$	3,733,476.17	\$	23,413.99
202 - Construction Bond Fund	\$	401,038.00	\$	400,700.00	\$	338.00
341 - Construction Bond Fund	\$	5,952,000.00	\$	5,954,865.74	\$	(2,865.74)

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

The variance of the General Fund was due to the unexpected overtime for firefighters from COVID19 response.

The variance of the Equipment Fund was due to the purchase of a training officer vehicle.

The variance of the Construction Bond Fund was due to an oversight.

Note 2 – 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.

The COVID-19 Pandemic has affected the district in every aspect of daily operations. From having to set up remote workstations to quarantine facilities and keeping up with the ever-changing mandates and requirements. The entire staff has been inundated with changes in business operations, while continuing to maintain operations to provide a service to the citizens we serve and to effectively maintain training requirements for staff. Remote meetings and remote working have made it difficult for the entire staff from an operational perspective and on a personal level. The Pandemic has and will continue to change the way the district provides fire and emergency services to the community we serve.

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

Note 3 – Deposits and Investments

Investments are reported at (amortized cost/original cost/fair value). Deposits and investments by type at December 31, 20__ are as follows:

Type of Investment	The district's own investments	Investments held by the district as an agent for other local governments, individuals, or private organizations.	Total
Treasurer's Investment Pool (TIP)	6,561,850.30	-	6,561,850.30
Total	6,561,850.30	-	6,561,850.30

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

Investments in (county investment pool)

The district is a voluntary participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at fair value, which is the same as the value of the pool per share/or disclose the difference between the reported amount and the value of pool shares. 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 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 – Long-Term Debt (formerly Debt Service Requirements)

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

The debt service requirements for general obligation bonds is as follows:

Year	Principal	Interest	Total Debt Service
2021	145,000	276,800	421,800
2022	185,000	272,450	457,450
2023	205,000	266,900	471,900
2024	225,000	260,750	485,750
2025	250,000	127,000	377,000
2026-2030	1,645,000	549,900	2,194,900
2031-2035	2,470,000	354,200	2,824,200
2036-2040	1,985,000	81,300	2,066,300
Totals	7,110,000	2,189,300	9,299,300

Note 5 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

Department of Retirement Systems Communications Unit

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

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

The district also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2020 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1			3,530,540,000	-	
PERS 1 UAAL	4443.38	0.000613%	3,530,540,000	21,646	
PERS 2/3	7,253.53	0.000787%	1,278,943,000	10,070	
PSERS 2/3			531,964,000	-	
LEOFF 1			(1,888,509,000)		-
LEOFF 2	85,936.73	0.043930%	(2,039,854,000)		(896,117)
VFFRPF	990	0.510000%	(35,240,000)		(179,602)
		Totals		\$ 31,716	\$ (1,075,718)

LEOFF Plan 2

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

Note 6 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed (at/after) the end of each month.

Property tax revenues are recognized when cash is received by district. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The district's regular levy for the year 2020 was \$1.3514909613 per \$1,000 on an assessed valuation of \$2,071,260,852 for a total regular levy of \$2,799,290.

The district's Bond levy for the year 2020 was \$0.2183111181 per \$1,000 on an assessed valuation of \$2,061,278,436 for a total regular levy of \$450,000.

The district's EMS levy for the year 2020 was \$0.3882409254 per \$1,000 on an assessed valuation of \$2,071,260,852 for a total regular levy of \$804,148.

Note 7 – Risk Management

Benton County FPD #4 is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk", blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a

member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris did not have any claim settlements that exceeded the limits in the last 3 years.

Note 8 – OPEB Plans – Defined Contribution

The district participates in a defined contribution HRA Voluntary Employees' Beneficiary Association (VEBA) plan administered by BPAS a wholly owned subsidiary of Community Bank System, Inc. The VEBA/115 Trust HRA Plan is a welfare benefit plan that provides medical benefits only. This Plan does not provide retirement income. The medical reimbursement benefits for a participant in the Plan depend solely on the value of the district's contribution to the Plan on the employee's behalf. The plan allows current employees and retirees a way to pay for out-of-pocket medical, dental, and vision bills, including retiree insurance premiums.

In 2020, the district contributed \$3,000 annually for each fulltime employee.

For 2020, the total amount contributed to the plan by the district was \$36,750. The district had 19 active employees and 8 inactive employees covered by the benefit in 2020.

Benton County Fire Protection District No. 4 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					
239.70	2018 Voted General Obligation Bonds	12/1/2038	6,965,000	-	185,000	6,780,000
	Total General Obligation Debt/Liabilities:			-	185,000	6,780,000
Revenue	and Other (non G.O.) Debt/Liabilitie	es				
264.30	Pension Liabilities		8,243	20,213	-	28,456
259.12	Compensated Absences		242,742	82,409	-	325,151
263.57	Leased Office Equipment		27,427	-	7,581	19,846
	Total Revenue and Otho Del	er (non G.O.) ot/Liabilities:	278,412	102,622	7,581	373,453
	Tota	al Liabilities:	7,243,412	102,622	192,581	7,153,453

Benton County Fire Protection District No. 4 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					
239.70	2018 Voted General Obligation Bonds		7,110,000	-	145,000	6,965,000
	Total General Obligation Debt/	Liabilities:	7,110,000		145,000	6,965,000
Revenue	and Other (non G.O.) Debt/Liabilities					
259.12	Compensated Absences		220,126	22,616	-	242,742
264.30	Pension Liabilities		31,707	-	23,464	8,243
	Total Revenue and Other Debt/	(non G.O.) Liabilities:	251,833	22,616	23,464	250,985
	Total	Liabilities:	7,361,833	22,616	168,464	7,215,985

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	2018 Voted General Obligation Bonds	12/1/2038	7,230,000	-	120,000	7,110,000
	Total General Obligation Debt/Liabilities:		7,230,000		120,000	7,110,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		183,369	36,757	-	220,126
264.30	Net pension liabilities		27,342	4,365	-	31,707
	Total Revenue and Other (non G.O.) Debt/Liabilities:		210,711	41,122	-	251,833
	Tota	al Liabilities:	7,440,711	41,122	120,000	7,361,833

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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