



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clark-Cowlitz Fire Rescue

For the period January 1, 2023 through December 31, 2023

Published November 18, 2024

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

November 18, 2024

Board of Commissioners
Clark-Cowlitz Fire Rescue
Ridgefield, Washington

Report on Financial Statements

Please find attached our report on Clark-Cowlitz Fire Rescue's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Clark-Cowlitz Fire Rescue January 1, 2023 through December 31, 2023

Board of Commissioners
Clark-Cowlitz Fire Rescue
Ridgefield, 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 Clark-Cowlitz Fire Rescue, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 7, 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 audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

November 7, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clark-Cowlitz Fire Rescue January 1, 2023 through December 31, 2023

Board of Commissioners
Clark-Cowlitz Fire Rescue
Ridgefield, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Clark-Cowlitz Fire Rescue, as of and for the year ended December 31, 2023, 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 Clark-Cowlitz Fire Rescue, and its changes in cash and investments, for the year ended December 31, 2023, 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 Clark-Cowlitz Fire Rescue, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

November 7, 2024

FINANCIAL SECTION

Clark-Cowlitz Fire Rescue January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

Clark-Cowlitz Fire Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	028 General Fund 6228	126 EMS Levy Fund 6226	154 FFFB
Beginning Cash and Investments					
308	Beginning Cash and Investments	7,823,263	7,050,792	-	27,371
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	19,837,376	14,425,095	5,411,440	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	170,570	169,109	1,461	-
340	Charges for Goods and Services	1,743,678	1,644,602	-	99,076
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	251,879	235,313	1	655
Total Revenues:		<u>22,003,503</u>	<u>16,474,119</u>	<u>5,412,902</u>	<u>99,731</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	17,300,595	17,189,488	-	111,107
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>17,300,595</u>	<u>17,189,488</u>	<u>-</u>	<u>111,107</u>
Excess (Deficiency) Revenues over Expenditures:		<u>4,702,908</u>	<u>(715,369)</u>	<u>5,412,902</u>	<u>(11,376)</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	6,490,581	5,401,850	-	44,519
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	48,084	48,084	-	-
Total Other Increases in Fund Resources:		<u>6,538,665</u>	<u>5,449,934</u>	<u>-</u>	<u>44,519</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,032,545	584,163	-	48,593
591-593, 599	Debt Service	802,559	39,597	-	-
597	Transfers-Out	6,490,581	1,085,431	5,401,850	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>8,325,685</u>	<u>1,709,191</u>	<u>5,401,850</u>	<u>48,593</u>
Increase (Decrease) in Cash and Investments:		<u>2,915,888</u>	<u>3,025,374</u>	<u>11,052</u>	<u>(15,450)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,955,957	1,932,828	11,053	11,922
50841	Committed	-	-	-	-
50851	Assigned	2,360,672	1,720,815	-	-
50891	Unassigned	6,422,522	6,422,522	-	-
Total Ending Cash and Investments		<u>10,739,151</u>	<u>10,076,165</u>	<u>11,053</u>	<u>11,922</u>

The accompanying notes are an integral part of this statement.

Clark-Cowlitz Fire Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	<u>220 Bond Fund 6220</u>	<u>222 Bond Fund 6222</u>	<u>324 Capital Fund 6224</u>
Beginning Cash and Investments			
308	Beginning Cash and Investments	-	2,557
388 / 588	Net Adjustments	-	742,543
Revenues			
310	Taxes	-	841
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	57
	Total Revenues:	-	898
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
	Total Expenditures:	-	-
	Excess (Deficiency) Revenues over Expenditures:	-	898
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	762,962	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
	Total Other Increases in Fund Resources:	762,962	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	762,962	-
597	Transfers-Out	-	3,300
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
	Total Other Decreases in Fund Resources:	762,962	3,300
	Increase (Decrease) in Cash and Investments:	-	(2,402)
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	154
50841	Committed	-	-
50851	Assigned	-	639,857
50891	Unassigned	-	-
	Total Ending Cash and Investments	-	154
		-	639,857

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clark-Cowlitz Fire Rescue was incorporated in 1961 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to a fire district. The fire district is a special purpose local government and provides fire protection and emergency medical response services.

The fire 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 Note 6 – Joint Ventures).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

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. The total column is presented as "memo only" as any interfund activities are not eliminated. The following fund types are used:

General Fund - 028

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

Special Revenue Fund – EMS Levy 126 & FFFB 154

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

Debt Service Funds – 220 & 222

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 Project Fund – 324

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

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, Clark-Cowlitz Fire Rescue also recognizes expenditures paid during the twenty days after the close of the fiscal year for claims incurred during the previous period.

CASH AND INVESTMENTS

See [NOTE 3 – DEPOSITS & INVESTMENTS](#).

CAPITAL ASSETS

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

COMPENSATED ABSENCES

Vacation leave may be carried over annually with no limit of accumulation for eligible full and part-time personnel. Full-time non-represented personnel may, at the discretion of the Fire Chief, cash out up to 80 hours of vacation at their current rate of pay provided there is at least 120 hours in their accrual bank.

Upon notification of permanent separation, employees may request or be required to utilize part or all of their eligible accrued leave prior to the date of separation. Unused vacation leave balances will be paid at the employee's current pay rate up to a maximum of two (2) years of the employee's current rate of accrual. For example, if an employee's accrual rate is eight (8) hours per month, their maximum allowable distribution is 192 hours regardless of the number of hours in their bank. Employees forfeit any remaining vacation leave balances beyond the two-year cash out, with the exception of those entering the Salary Savings Program. See [Note 7 – Other Post Employment Benefits \(OPEB\)](#).

Upon separation, non-represented full-time employees will receive a disbursement of accumulated sick leave at their current base rate of pay per the following schedule:

	<i>Sick Leave Balance Buy Out %</i>
First 384 hrs	25%
385 to 768 hrs	35%
Remaining hours up to 1,600 hrs	45%

Upon entry into the LEOFF retirement system or placement on permanent medical disability, employees represented by IAFF Local 3674 will receive a disbursement of accumulated sick leave at their current base rate of pay per the following schedule:

24-48 Shift	40 Hr Day Shift	Sick Leave Balance Buy Out %
First 600 hrs	First 384 hrs	25%
601 to 1200 hrs	385 to 768 hrs	35%
Remainder up to 2,000 hrs	Remaining hours up to 1,600 hrs	45%

Sick leave balances beyond the allowable disbursement are forfeited for all employees.

Should a full-time employee die while still employed, 100% of the accrued sick leave balance shall be dispersed at the employee’s current base pay rate.

Part-time and eligible temporary employees accrue sick leave per Washington State law. One permanent part-time administrative employee receives payment following the non-represented schedule above. The remaining two part-time employees do not receive compensation for unused sick leave upon separation.

Payments for accrued leave are recognized as expenditures at the time they are paid. The district’s liability for vacation and sick leave employment separation benefits as of December 31, 2023 is reported on Schedule 9.

LONG-TERM DEBT

See [NOTE 6 – LONG-TERM DEBT](#).

RESTRICTED AND COMMITTED PORTION OF ENDING CASH AND INVESTMENTS

Beginning and Ending Cash and Investments are reported as restricted or committed when 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 fire district intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments as of December 31, 2023 consist of:

General Fund 028	\$1,932,828
EMS Levy Fund 126	\$11,053
FFFB Levy Fund 154	\$11,922
Debt Service Fund 222	\$154

NOTE 2 – BUDGET COMPLIANCE

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where the 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 are as follows:

Fund/Dept	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund 028			
Emergency Services	\$ 17,374,550	\$ 17,189,489	\$ 185,061
Debt Service	\$ 350	\$ 39,597	\$ (39,247)
Capital Expense	\$ 326,000	\$ 584,163	\$ (258,163)
Transfers Out	\$ 1,085,100	\$ 1,085,431	\$ (331)
Total 028	\$ 18,786,000	\$ 18,898,680	\$ (112,680)
EMS Levy Fund 126			
	\$ 5,340,000	\$ 5,401,850	\$ (61,850)
FFFB Fund 154			
Emergency Services	\$ 110,050	\$ 111,107	\$ (1,057)
Capital Expense	\$ 50,200	\$ 48,593	\$ 1,607
Total 154	\$ 160,250	\$ 159,700	\$ 550
Debt Service Fund 220	\$ 762,950	\$ 762,962	\$ (12)
Debt Service Fund 222	\$ 3,300	\$ 3,300	\$ -
Capital Fund 324	\$ 382,200	\$ 399,789	\$ (17,589)

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

NOTE 3 – DEPOSITS & INVESTMENTS

Investments are report reported at original cost. Deposits and investments by type as of December 31, 2023 are as follows:

Type of Deposit or Investment	District Deposits and Investments	Deposits and Investments held as Custodian	Total
Bank Deposits	(\$ 169,307)	\$0	(\$ 169,307)
County Investment Pool	\$ 10,908,458	\$0	\$ 10,908,458
Total	\$ 10,739,151	\$0	\$ 10,739,151

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

The district is an involuntary participant in the Clark 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. The pool does not impose liquidity fees or redemption gates on participant withdrawals.

Aggregate Clark County Pool investments by type as of December 31, 2023 are as follows:

Investment Type	Percentage	Investments held by Clark County as custodian for other local governments
Federal Agencies	37.5%	\$372,225,000
Treasury Coupons	9.7%	\$ 96,282,200
Corporate Bonds	20.8%	\$206,460,800
Municipal Bonds	8.1%	\$ 80,400,600
Supranationals	5.0%	\$ 49,630,000
WA State LGIP	18.9%	\$187,601,400
Total		<u>\$992,600,000</u>

The district's investments in the Clark County Treasurer's pool are not subject to categorization as specific instruments are not distinguished between those participating in the pool.

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 Clark County Treasurer in the district's name.

NOTE 4 – JOINT VENTURES

FAIRGROUNDS FIRE FACILITY BOARD

The Fairgrounds Fire Facility Board (FFFB) was created by inter-local agreement in 1999. The FFFB is a committee that manages the Fairgrounds Public Safety Complex, which houses the Clark County Fire Marshal's Office, the Clark County Sheriff's Office West Precinct, as well as jointly operated Fire Station 151. The FFFB is comprised of the fire chief and one fire commissioner from both CCFR and Clark County Fire District 6. Members have equal voting rights. CCFR is the fiscal agent for the FFFB (Fund 154).

The calculated share of facility operations between Clark County and the FFFB has been modified several times; primarily due to reallocations of office space to meet the needs of the respective parties. The facility operation cost share history is as follows:

Year	Clark County	FFFB	Amendment Effective Date
1999 – 2004	55.0%	45.0%	
2005 – 2011	49.0%	51.0%	1 – 1/2005
2011 – 2013	51.0%	49.0%	2 – 7/2011
2013 – 2014	58.0%	42.0%	3 – 7/2013
2014 – 2023	59.0%	41.0%	4 – 3/2014

Remaining facility and emergency response operating costs are split equally between Clark County Fire District 6 and CCFR per the terms of a an inter-local agreement.

Agency contributions to Fairgrounds Fire Facility Board Fund 154 for 2023 operations were as follows:

Agency	
Clark County	\$ 54,557
Clark County Fire District 6	\$ 44,519
Clark-Cowlitz Fire Rescue	\$ 44,519

Station 151 was operated as a volunteer-only station from 2002 through 2020, when Clark County Fire District 6 disbanded their volunteer program. Due to lack of qualified personnel, in recent years CCFR volunteers were not assigned to this station, but a portion of the cost of the Clark 6 volunteers was covered by CCFR. Following a revision to the interlocal agreement in July 2023, CCFR implemented full-time career response from the station on two out of six days (one crew shift). In September 2023, two additional crews were assigned, one each from CCFR and Clark County Fire District 6.

Implementation of full-time staffing has resulted in an increase in expenditures to accommodate the crews' needs for supplies, equipment, furnishings, and other necessary upgrades in an effort to improve functionality and bring the station into alignment with other facilities as much as possible. Ongoing operational costs will be shared by the two districts.

NOTE 5 – 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 lease liabilities as reported on the Schedule of Liabilities.

The district leased office space beginning June 1, 2023 from the City of La Center at \$2,240 per month with an annual increase of 3% on the anniversary date. The agreement included a prepayment clause for the final month of the initial term in the amount of \$2447.71. The term is three years, with two options to renew for two years each at a 3% annual increase. The district anticipates a need for this space through the proposed full term of the agreement. Facility lease payments totaled \$15,888 in 2023.

The district leases three copiers from Ricoh USA for \$671.05 per month under non-cancelable 60-month lease agreements with varying end dates. The total amount paid for equipment leases in 2023 was \$6,825.

As of December 31, 2023, the future lease payments are as follows:

Year Ended December 31	Total
2024	\$ 36,512
2025	\$ 35,310
2026	\$ 38,627
2027	\$ 38,779
2028	\$ 33,617
2029-2033	\$ 49,107
2034-2038	\$ -
2039-2043	\$ -
TOTALS	\$ 231,952

NOTE 6 – LONG TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for the year ending December 31, 2023.

The debt service requirements for general obligation debt are as follows:

	Principal	Interest	Total
2024	\$ 692,187	\$ 68,275	\$ 760,462
2025	\$ 494,241	\$ 53,021	\$ 547,262
2026	\$ 499,784	\$ 47,478	\$ 547,262
2027	\$ 505,185	\$ 42,077	\$ 547,262
2028	\$ 516,407	\$ 30,855	\$ 547,262
2029-2033	\$ 1,046,149	\$ 31,042	\$ 1,077,191
2034-2038	\$ -	\$ -	\$ -
2039-2043	\$ -	\$ -	\$ -
TOTALS	\$ 3,753,952	\$ 272,749	\$ 4,026,701

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LEOFF PLAN I

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the district as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had one retiree. For the year ended December 31, 2023, the district paid \$14,728 in benefits and the total OPEB liability was \$231,435 as calculated using the alternative measurement method.

SALARY SAVINGS PROGRAM

Under collective bargaining agreements with the IAFF Local 3674 Firefighter and Battalion Chief units, CCFR offers a Salary Savings Program to provide eligible LEOFF 2 retirees with a post-employment contribution into their VEBA account. Retirees in the program receive this monthly defined contribution until Medicare eligible or through the month when they reach 65 years of age. Employees applying to enter the program must be enrolled in the DRS LEOFF 2 pension plan, have completed 12 years of service with CCFR, retire no later than four (4) years after attaining eligibility for full LEOFF 2 retirement benefits, and their age and years of career firefighter service must be at minimum a combined total of 75 years. Employees must provide written notice no later than July 1 of their intent to retire the following year. Changes to this timeframe will be considered by the Fire Chief on a case-by-case basis. The number of retirees in the program at any given time is limited to 10 from the Firefighter Unit and 5 from the Battalion Chief Unit. Under this program eligible employees may cash out an additional year's accrual of banked vacation leave with their final paycheck.

As of December 31, 2023, there were a total of six (6) participants in the program. A seventh retiree entered the program in February 2024.

The Salary Savings Program liability required by GASB 75 as calculated by the actuarial firm Healthcare Actuaries LLC is reported on Schedule 9. In 2023, the district spent \$26,424 in OPEB benefits under this program.

NOTE 8 – PENSION PLANS

STATE SPONSORED PENSION PLANS

All of 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 retirement and defined contribution retirement plans.

Public Employees' Retirement System (PERS)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

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

The district 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.

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.

As of June 30, 2023 (the measurement date of the plans), the district’s proportionate share of the collective net pension liabilities¹ was as follows:

	Employer Contributions	Allocation	Liability (Asset)
PERS 1 UAAL	\$21,867	0.003209%	\$ 73,253
PERS 2/3	\$36,402	0.004140%	\$ (169,685)
LEOFF 1	\$0	0.000482%	\$ (14,306)
LEOFF 2	\$468,334	0.207487%	\$ (4,976,779)
VFFRPF	\$60	0.030000%	\$ (6,867)

An amendment to RCW 41.26.450, effective July 1, 2017, dictates that LEOFF Plan 2 employers be responsible to fund both the employer and state contributions owed on all LEOFF Plan 2 basic salary earned for services rendered by members whose services were provided directly, or indirectly, to a non-LEOFF employer. This change does not prevent LEOFF employers from recovering the cost of the contributions from the non-LEOFF employers receiving services from the member. The district recovers these costs and remits the amount due to the State.

NOTE 9 – PROPERTY TAX

The Clark and Cowlitz County Treasurers act as agents to collect property tax levied in the respective counties for all taxing authorities. Clark County collections are distributed to the appropriate funds three business days following receipt and are available the next business day. As the junior taxing authority for several multi-county agencies, monthly Cowlitz County collections are transmitted to Clark County on the ninth day of the following month or the next business day. Upon advisement through the Treasurer’s web portal, these funds are allocated to the appropriate fund(s) effective the same date.

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year’s levy at 100 percent of market value
October 31	Second installment is due

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 the tax is levied.

¹ For DRS sponsored plans, the allocation percentage and collective liability for each plan is available at www.drs.wa.gov. For VFFRPF, the information is available at www.bvff.wa.gov. Only the net pension liabilities are reported on Schedule 9.

On August 1, 2017, CCFR's voters approved a permanent levy lid lift to restore the district's millage rate to \$1.50 per \$1,000 of assessed valuation for collection in 2018 with annual increases up to 6% (not to exceed the \$1.50 rate) for each of the succeeding five years. The lid life expired with the 2023 levy assessment.

A three-year history of the district's regular levy:

Year	Rate/\$1K	Valuation	Levy
2022	\$ 1.4411163	\$ 9,027,373,675	\$ 13,009,495
2023	\$ 1.3190451	\$10,956,600,685	\$ 14,452,250
2024	\$ 1.2570988	\$11,994,111,038	\$ 15,077,783

The district voters supported a six-year EMS levy proposal placed before them in the August 2022 primary election, the first year to be collected in 2023. Funds will be used to enhance Advanced Life Support (ALS) level care by allowing the district to hire additional paramedics, provide ongoing training, purchase and maintain necessary emergency medical equipment and supplies, and acquire and outfit two ambulances. The Cowlitz Tribal Foundation committed to purchase the two ambulances on behalf of the district.

A two-year history of the district's EMS levy:

Year	Rate/\$1K	Valuation	Levy
2023	\$ 0.5000000	\$10,956,600,685	\$ 5,478,420
2024	\$ 0.4742594	\$12,019,017,926	\$ 5,700,133

Per RCW 52.16.170 regarding taxation and assessment of properties lying both within a fire protection district and forest protection assessment area (DNR), fire districts with General and EMS levies may have different total taxable assessed values for those respective levies. The General and EMS levies have different levy rates based upon properties which have been identified as wholly unimproved which are not subject to fire protection district levies.

Delinquent property taxes receivable as of December 31, 2023:

General Fund 028	\$ 243,237
EMS Levy Fund 126	\$ 59,561
Bond Fund 222	\$ 378

NOTE 10 – RISK MANAGEMENT

CLARK COUNTY FIRE RESCUE RISK MANAGEMENT GROUP

On October 21, 1994 under the authority of RCW 39.34 and RCW 48.62, the Secretary of State approved the creation of a nonprofit corporation: *Clark County Fire Rescue Risk Management Group (CCFRMG)*. The purpose of the corporation is to pool risk exposure, as well as other cooperative purposes, in an effort to lower insurance premiums for the member districts. The current member districts are Clark County Fire District 6, Clark-Cowlitz Fire Rescue, East County Fire & Rescue, Cowlitz 2 Fire & Rescue and Cowlitz County Fire District 6.

The officers and directors of the CCFRMG elected for 2023 are listed below:

President:	Rocky Haines, Commissioner, Clark County Fire District 6
Vice President:	Larry Bartel, Commissioner, Clark-Cowlitz Fire Rescue
Exec Secretary:	Tina Mensinger, Clark County Fire District 6
Registered Agent:	Kristan Maurer, Chief, Clark County Fire District 6
Risk Manager:	Kristan Maurer, Chief, Clark County Fire District 6

The corporation purchases the typical wide range of insurance coverage through VFIS; underwritten by National Union Fire Insurance Company. The annual policy period runs November 1 through October 31. Policy coverage amounts as of December 31, 2023 were:

CCFR – Fund 028

General Liability (Aggregate)	\$3,000,000
General Liability (per Occurrence)	\$1,000,000
Business & Auto Coverage (per Occurrence)	\$1,000,000
Management Liability (Aggregate)	\$3,000,000
Management Liability (each Act)	\$1,000,000
Cyber Liability	\$1,000,000
Real Property	\$16,871,348
Special Property – Boat House	\$125,000
Umbrella (Aggregate)	\$20,000,000
Umbrella (per Occurrence)	\$10,000,000
Money and Securities	\$50,000
Software	\$250,000
Personal Property	\$647,856

FFFB – Fund 154

Real Property	\$4,502,357
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Per the policy documents, for personal property, scheduled equipment such as boats, boat motors and trailers, and other loose equipment, coverage is limited to the policy maximums.

Audited financial statements for the CCFRMG may be found on the Washington State Auditors website at www.sao.wa.gov/report-data/audit-reports/, or by submitting a written request to the Executive Secretary at:

Clark County Fire Rescue Risk Management Group
 8800 NE Hazel Dell Avenue
 Vancouver, WA 98665

NOTE 11 – SBITA

During the year ended December 31, 2023, the district adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The district makes annual payments for the use of ClearGov budgeting software. The SBITA contract was implemented in Mar 1 2023 and expires December 31, 2026 when it defaults to an annual renewal subject to a 60-day cancellation clause.

Following review of all software programs used by the district, only one program was identified as meeting the prescribed definition of a SBITA. All other programs are paid monthly and cancellable at any time or may be renewed annually with a 60-day cancellation clause. There are no written agreements for these programs.

The total paid for SBITAs in 2023 was \$16,533. As of December 31, 2023, the future SBITA payments are as follows:

Year Ended December 31	Total
2024	\$ 19,840
2025	\$ 20,435
2026	\$ 21,048
2027	\$ -
2028	\$ -
2029-2033	\$ -
2034-2038	\$ -
2039-2043	\$ -
TOTALS	\$ 61,323

NOTE 12 – OTHER DISCLOSURES

INTERGOVERNMENTAL SERVICE CONTRACTS

The Cowlitz Indian Tribe Reservation, located entirely within the geographical boundaries of the district, was established in March 2015. The service contract renewal was in the form of a ten-year contract signed on December 13, 2018. The ilani Casino Resort, sited on the reservation, celebrated its seven-year anniversary in April 2024. Improvements to the Resort and the reservation property include a combination gas station and convenience store, a cigarette store, a marijuana store, a multi-level parking structure accommodating approximately 2,500 vehicles, a fully-configurable 22,400 square foot ballroom, over 100,000 square feet of gaming space, multiple shops and restaurants, and a 14-story hotel, which opened April 24, 2023. Further development and expansion on the reservation property are anticipated. The Cowlitz Indian Tribe Foundation has also assisted the district with procurement of emergency response equipment and apparatus.

A five-year history of the district's annual fire and emergency protection service contract receipts is as follows:

Year	Cowlitz Indian Tribe
2020	\$ 253,338
2021-2023	\$ 346,400
2024	\$ 455,059

TAX INCREMENT AREAS (TIA)

City of Ridgefield

In November 2023, the City of Ridgefield approved a 25-year TIA for implementation in 2025. Detailed information on the plan may be found on the City of Ridgefield's website at <https://ridgefieldroundtable.org/tax-increment-area>. The city's project consultant provided a preliminary projection of \$19 million in revenues diverted from CCFR over the life of the TIA, which is anticipated to be approximately half of the generated funds.

Port of Ridgefield

In April 2024, the Port of Ridgefield approved a 25-year TIA for implementation in 2024. Current assessed value of the properties in the increment area is \$198,036,238, just below the \$200,000,000 value limit set by the legislature. Approximately 90% of these properties are within CCFR boundaries with the remaining portion being in Clark County Fire District 6. CCFR and the Port entered into an interlocal agreement for mitigation and impact review regarding the TIA in May 2024. Information on the Port's plan is located on their website at <https://portridgefield.org/tax-increment-financing>,

Port of Woodland

In 2024, the Port of Woodland began holding workshops on tax increment financing. The Port is still developing the plan, but approval is anticipated to occur in 2024 for implementation in 2025 or 2026. Information on the plan may be found at <https://portofwoodland.com/>.

Impacts

As this type of infrastructure funding is new to the State of Washington, there is no way to accurately assess the financial impacts to the district. Historically received new construction tax revenue from development and improvements in the identified areas of the district will be unavailable during the life of the TIAs and may adversely impact the district's ability to keep up with inflation and service demand. Due to the uncertainty of future revenues, plans to replace Ridgefield Station 24, closed in 2019, and complete Woodland Station 29, partially built in 2018, have been placed on hold pending surety of funding. CCFR has been identified as the fire district most impacted by tax increment financing in the State at this time. The administration continues to work with the State Chief's Association, the State Fire Commissioner's Association, and various legislators to work on improving tax increment financing legislation. Minor changes to the legislation were approved during the winter session, which added mandatory mitigation measures and binding arbitration.

**Clark-Cowlitz Fire Rescue
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	GO: CLAFIR0913R Sep-13	12/1/2024	405,000	-	200,000	205,000
251.11	GO: LTGO Bond, 2020	12/1/2029	1,225,182	-	163,471	1,061,711
251.11	GO: LTGO Bond, 2021	12/1/2030	1,353,310	-	162,360	1,190,950
251.11	GO: LTGO Bond, 2021B	12/1/2031	1,449,042	-	152,751	1,296,291
263.56	Copier Lease - St21	12/16/2027	11,713	-	2,382	9,331
263.56	Copier Lease - St26	12/4/2027	15,752	-	3,259	12,493
263.56	Copier Lease - CRR	9/30/2028	-	12,056	804	11,252
263.56	Postage Meter Lease - St21	6/30/2028	-	3,804	380	3,424
263.56	Facility Lease - City of La Center	6/30/2030	-	211,340	15,888	195,452
263.56	SBITA - ClearGov	12/31/2026	-	77,857	16,533	61,324
Total General Obligation Debt/Liabilities:			4,459,999	305,057	717,828	4,047,228
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Benefit Accrual - Sick Leave		527,171	81,469	-	608,640
259.12	Benefit Accrual - Vacation Leave		1,275,631	187,619	-	1,463,250
259.12	Benefit Accrual - Comp Time		51,692	-	13,219	38,473
264.30	Net Pension Liability - DRS		62,453	10,800	-	73,253
264.40	OPEB - LEOFF 1		222,307	9,128	-	231,435
264.40	OPEB - Salary Savings VEBA		821,436	232,719	-	1,054,155
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,960,690	521,735	13,219	3,469,206
Total Liabilities:			7,420,689	826,792	731,047	7,516,434

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.

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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.

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