



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements Audit Report

# SE Thurston Fire Authority

For the period January 1, 2021 through December 31, 2023

*Published November 21, 2024*

Report No. 1036001



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

November 21, 2024

Board of Commissioners  
SE Thurston Fire Authority  
Yelm, Washington

**Report on Financial Statements**

Please find attached our report on SE Thurston Fire Authority's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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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*

#### **SE Thurston Fire Authority January 1, 2021 through December 31, 2023**

Board of Commissioners  
SE Thurston Fire Authority  
Yelm, 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 SE Thurston Fire Authority, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated November 13, 2024.

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

#### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## **PURPOSE OF THIS REPORT**

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

November 13, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **SE Thurston Fire Authority January 1, 2021 through December 31, 2023**

Board of Commissioners  
SE Thurston Fire Authority  
Yelm, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of SE Thurston Fire Authority, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

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

As described in Note 1, the Authority has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of SE Thurston Fire Authority, and its changes in cash and investments, for the years ended December 31, 2023, 2022 and 2021, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of SE Thurston Fire Authority, as of December 31, 2023, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

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

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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

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

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

## **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority'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 November 13, 2024 on our consideration of the Authority's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority'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 13, 2024

## **FINANCIAL SECTION**

### **SE Thurston Fire Authority January 1, 2021 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fund Resources and Uses Arising from Cash Transactions – 2022  
Fund Resources and Uses Arising from Cash Transactions – 2021  
Notes to Financial Statements – 2023  
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#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023  
Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**SE Thurston Fire Authority**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	1,478,839
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	5,745,945
320	Licenses and Permits	-
330	Intergovernmental Revenues	1,042,322
340	Charges for Goods and Services	562,018
350	Fines and Penalties	-
360	Miscellaneous Revenues	359,552
Total Revenues:		<u>7,709,837</u>

**Expenditures**

510	General Government	-
520	Public Safety	7,018,300
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>7,018,300</u>
Excess (Deficiency) Revenues over Expenditures:		<u>691,537</u>

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	175,384
591-593, 599	Debt Service	176,918
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<u>352,302</u>

**Increase (Decrease) in Cash and Investments: 339,235**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	1,818,075
Total Ending Cash and Investments		<u>1,818,075</u>

*The accompanying notes are an integral part of this statement.*

**SE Thurston Fire Authority**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	952,915
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	5,329,656
320	Licenses and Permits	-
330	Intergovernmental Revenues	959,555
340	Charges for Goods and Services	335,810
350	Fines and Penalties	-
360	Miscellaneous Revenues	644,449
Total Revenues:		<u>7,269,470</u>

**Expenditures**

510	General Government	-
520	Public Safety	6,246,207
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>6,246,207</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,023,263</u>

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	39,640
Total Other Increases in Fund Resources:		<u>39,640</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	509,184
591-593, 599	Debt Service	27,795
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<u>536,979</u>

**Increase (Decrease) in Cash and Investments: 525,924**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	1,478,839
Total Ending Cash and Investments		<u>1,478,839</u>

*The accompanying notes are an integral part of this statement.*

**SE Thurston Fire Authority**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	953,141
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	4,319,530
320	Licenses and Permits	-
330	Intergovernmental Revenues	725,691
340	Charges for Goods and Services	471,697
350	Fines and Penalties	-
360	Miscellaneous Revenues	107,739
Total Revenues:		5,624,657

**Expenditures**

510	General Government	-
520	Public Safety	5,402,309
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		5,402,309
Excess (Deficiency) Revenues over Expenditures:		222,348

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	25,647
Total Other Increases in Fund Resources:		25,647

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	79,939
591-593, 599	Debt Service	167,281
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		247,220

**Increase (Decrease) in Cash and Investments: 775**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	953,915
Total Ending Cash and Investments		953,915

*The accompanying notes are an integral part of this statement.*

**S.E. THURSTON FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 1 - Summary of Significant Accounting Policies**

S.E. Thurston Fire Authority was formed in 2010 and operates under the laws of the state of Washington applicable to a Fire Authority. S.E. THURSTON FIRE AUTHORITY is a Special purpose local government and provides Fire Suppression & Emergency Medical Services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- 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 for proprietary and fiduciary are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions for S.E. Thurston Fire Authority are tracked internally in several funds, but all funds are rolled up for reporting purposes. 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.

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$200,000 and an estimated useful life in excess of at least 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1296. Upon separation or retirement employees do receive payment for unused sick leave at 50%. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long Term Debt*.

G. Leases

Lessee: The Authority is a lessee for noncancelable leases. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The Authority recognizes all long lease liabilities on the schedule of long-term liabilities.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

**Note 2 - Budget Compliance**

The Fire Authority adopts an annual operating budget for the general expense fund.

The annual budget is 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	Actual Expenditures	Variance
General Fund:			
Administration	\$1,224,899.66	\$1,221,841.00	\$3,058.66
Fire Suppression	\$4,937,179.61	\$5,564,201.23	(\$627,021.62)
Facilities	\$100,950.00	\$91,068.23	\$9,881.77
Vehicle	\$122,988.00	\$140,156.99	(\$17,168.99)



Debt Repayment	\$319,174.93	\$279,326.30	\$39,848.63
Total General Fund	\$6,705,192.20	\$7,296,593.75	(\$591,401.55)

*\*Does not include balance carried forward of \$1,478,839.15*

*\*\*Fund Transfers shown on Final Budget Report as expenses were removed*

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 S.E. THURSTON FIRE AUTHORITY'S legislative body.

### **Note 3 – Deposits and Investments**

It is the County/Authority's policy to invest all temporary cash surpluses.

In accordance with State law, the district's governing body has entered into a formal agreement with the district's ex officio treasurer, Thurston County, to have all its funds not required for immediate expenditure to be invested in the Thurston County Investment Pool (TCIP).

All deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commissioner. The District's investments are held by the Thurston County Treasurer in the Thurston County Investment Pool (TCIP) as its agent in the District's name.

As of December 31, 2023, the district had the following Investments - \$1,818,074.56

#### **Investment Type**

Thurston County Investment Pool

#### **Fair Value Multiplier (1)**

.972201

#### **Effective Duration**

1.209 years

Investments are reported at fair value. Deposits and investments by type at December 31, 2023 are as follows:

Type of deposit or investment	Authority's <b>own</b> deposits and investments	Deposits and investments held by the Authority as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$0	\$0	\$0
Certificates of deposit	0	0	0
Local Government Investment Pool	\$1,818,074.56	0	\$1,818,074.56
U.S. Government securities	0	0	0

<b>Total</b>	<b>\$1,818,074.56</b>	<b>\$0</b>	<b>\$1,818,074.56</b>
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It is the Authority's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

#### Investments in the Thurston County Investment Pool

The Authority is a involuntary participant in the Thurston County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Authority reports its investment in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

#### Custodial Credit Risk

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

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

### **Note 4 - 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 S.E. Thurston Fire Authority. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

S.E. Thurston Fire Authority's regular levy for the year 2023 was \$1.311795366693 per \$1,000 on an assessed valuation of \$4,431,586,212 for a total regular levy of \$5,813,334.26

### **Note 5 – Long-Term Debt**

#### Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Fire Authority and summarizes the Fire Authority's debt transactions for year ended December 31, 2022.

The debt service requirements for Leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$163,362.18	\$15,733.27	\$176,095.45
2025	\$94,960.62	\$9,104.10	\$104,064.72

2026	\$99,471.49	\$4,660.35	\$104,131.84
2027	\$2,116.20	\$0	\$2,116.20
2028	\$0	\$0	\$0
TOTALS	<u>\$359,910.49</u>	<u>\$29,497.72</u>	<u>\$389,408.21</u>

## **Note 6 – Pension Plans**

### **A. State Sponsored Pension Plans**

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

\*Public Employee’s Retirement Systems (PERS 1, PERS 2 and PERS 3) and

\*Law Enforcement Officers’ and Fire Fighters Retirement System (LEOFF 2)

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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

S.E. THURSTON FIRE AUTHORITY also participates in the Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington Comprehensive Annual Financial Report available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2023 (the measurement date of the plans), the S.E. Thurston Fire Authority proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$12,629	0.001853	\$42,299
PERS 2/3	\$21,027	0.002392	(\$98,040)
LEOFF 2	\$205,928.88	0.091233	(\$2,188,313)
VFFRPF	\$540.00	0.31	(\$61,801.55)

S.E. Thurston Fire Authority 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 7 – Defined Contributions**

S.E. Thurston Fire Authority participates in MERP (Medical Expense Reimbursement Plan) for all current firefighters. This defined benefit plan is administered by WSCFF (Washington State Council of Firefighters). The department contributes \$75.00 per month per firefighter.

S.E. Thurston Fire Authority participates in HRA (Health Retirement Account) VEBA plan for all current administration employees. This is a defined benefit plan administered by Gallagher VEBA. The department contributes \$75.00 per month per employee.

#### **Note 8 – Risk Management**

S.E. Thurston Fire Authority participates as a member of a joint insurance pool.

VFIS / American Alternative Insurance Corp – [www.americanalternativeinsurancecorporation.com](http://www.americanalternativeinsurancecorporation.com)

The Authority has risks insofar as property, crime, portable equipment, automobile, general liability, and management liability. The Authority maintains commercial insurance coverage through VFIS, a division of Glatfelter Insurance Group. The annual premiums are included in the Authority's expense budget. The Authority takes precautions to avoid claims (i.e., driver training, internal controls, etc.) so the expected annual claims are \$0. The Authority cannot predict vehicle accidents or other losses: however, deductible amounts can be paid with the Authority's reserves or as an unexpected cost.

The deductibles, for those coverages with deductibles, are as follows:

<u>Name of Insurer</u>	<u>Type of Risk</u>	<u>Deductible</u>
VFIS, a division of Glatfelter Insurance Group	Property (Building & Contents)	
	Property	\$1,000
	Earthquake	5%
	Flood	\$1,000
	Portable Equipment	
	Physical Loss	\$250
	Automobile	\$1,000

#### **Note 9 – Leases (Lessees)**

S.E. Thurston Fire Authority leases a copier from Copiers Northwest for \$211.62 per month under a 60 month lease, ending in March 2027.

S.E. Thurston Fire Authority leases a pumper from Oshkosh Capital for \$6,257.88 per month under a 120 month lease, ending in August 2024.

S.E. Thurston Fire Authority leases an aid unit from Municipal Leasing for \$3,685 per month under an 84 month lease, ending in May 2026.

S.E. Thurston Fire Authority leases an aid unit from State Treasurers Office for \$3,755.33 per month under a 60 month lease, ending in December 2026.

As of December 31, 2023, the principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$163,362.18	\$15,733.27	\$179,095.45
2025	\$94,960.62	\$9,104.10	\$104,064.72
2026	\$99,471.49	\$4,660.35	\$104,131.84
2027	\$2,116.20	\$0	\$2,116.20
2028	\$0	\$0	\$0
2029-2033	\$0	\$0	\$0
2034-2038	\$0	\$0	\$0
TOTALS	\$359,910.49	\$29,497.72	\$389,408.21

**S.E. THURSTON FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

S.E. Thurston Fire Authority was formed in 2010 and operates under the laws of the state of Washington applicable to a Fire Authority. S.E. THURSTON FIRE AUTHORITY is a Special purpose local government and provides Fire Suppression & Emergency Medical Services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- 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 for proprietary and fiduciary are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions for S.E. Thurston Fire Authority are tracked internally in several funds, but all funds are rolled up for reporting purposes. 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.

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$200,000 and an estimated useful life in excess of at least 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1296. Upon separation or retirement employees do receive payment for unused sick leave at 50%. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long Term Debt*.

G. Leases

Lessee: The Authority is a lessee for noncancelable leases. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The Authority recognizes all long lease liabilities on the schedule of long-term liabilities.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

**Note 2 - Budget Compliance**

The Fire Authority adopts an annual operating budget for the general expense fund.

The annual budget is 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	Actual Expenditures	Variance
General Fund:			
Administration	\$1,152,157.34	\$1,013,341.94	\$138,815.40
Fire Suppression	\$4,632,063.24	\$5,010,059.76	(\$377,996.52)
Facilities	\$125,579.00	\$203,712.63	(\$78,133.63)
Vehicle	\$223,000.00	\$80,011.61	\$142,988.39

Debt Repayment	\$119,314.58	\$123,787.39	(\$4,472.81)
Total General Fund	\$6,252,114.16	\$6,430,913.33**	(\$178,799.17)*

*\*Does not include balance carried forward of \$946,279.41*

*\*\*Fund Transfers shown on Final Budget Report as expenses were removed*

*\*\*Mis-coded pre pymt for Aid Unit under Facilities was removed, SETFA paid with LOCAL Loan*

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 S.E. THURSTON FIRE AUTHORITY'S legislative body.

### **Note 3 – Deposits and Investments**

It is the County/Authority's policy to invest all temporary cash surpluses.

In accordance with State law, the district's governing body has entered into a formal agreement with the district's ex officio treasurer, Thurston County, to have all its funds not required for immediate expenditure to be invested in the Thurston County Investment Pool (TCIP).

All deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commissioner. The District's investments are held by the Thurston County Treasurer in the Thurston County Investment Pool (TCIP) as its agent in the Districts name.

As of December 31, 2022, the district had the following Investments - \$1,478,839.25

#### **Investment Type**

Thurston County Investment Pool

#### **Fair Value Multiplier (1)**

.944796

#### **Effective Duration**

1.71 years

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

Type of deposit or investment	Authority's <b>own</b> deposits and investments	Deposits and investments held by the Authority as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$0	\$0	\$0
Certificates of deposit	0	0	0
Local Government Investment Pool	\$1,478,839.25	0	\$1,478,839.25



U.S. Government securities	0	0	0
<b>Total</b>	<b>\$1,478,839.25</b>	<b>\$0</b>	<b>\$1,478,839.25</b>

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

#### Investments in the Thurston County Investment Pool

The Authority is a involuntary participant in the Thurston County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Authority reports its investment in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

#### Custodial Credit Risk

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

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

#### **Note 4 - 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 S.E. Thurston Fire Authority. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

S.E. Thurston Fire Authority's regular levy for the year 2022 was \$1.50 per \$1,000 on an assessed valuation of \$3,582,446,057 for a total regular levy of \$5,373,669.09

#### **Note 5 – Long-Term Debt**

##### Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Fire Authority and summarizes the Fire Authority's debt transactions for year ended December 31, 2022.

The debt service requirements for Leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$156,945.30	\$22,089.41	\$179,034.71

2024	\$163,362.18	\$15,733.27	\$179,095.45
2025	\$94,960.62	\$9,104.10	\$104,064.72
2026	\$99,471.49	\$4,660.35	\$104,131.84
2027	\$2,116.20	\$0	\$2,116.20
TOTALS	<u>\$516,855.79</u>	<u>\$51,587.13</u>	<u>\$568,442.92</u>

#### **Note 6 – Pension Plans**

##### **A. State Sponsored Pension Plans**

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

\*Public Employee’s Retirement Systems (PERS 1, PERS 2 and PERS 3) and

\*Law Enforcement Officers’ and Fire Fighters Retirement System (LEOFF 2)

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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

S.E. THURSTON FIRE AUTHORITY also participates in the Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington Comprehensive Annual Financial Report available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2022 (the measurement date of the plans), the S.E. Thurston Fire Authority proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$9,097.81	0.001484	\$41,320.00
PERS 2/3	\$15,519.91	0.001932	(\$71,654.00)
LEOFF 2	\$168,089.98	0.081191	(\$2,206,526)
VFFRPF	\$570.00	0.30	(\$84,729.57)

S.E. Thurston Fire Authority 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 7 – Defined Contributions**

S.E. Thurston Fire Authority participates in MERP (Medical Expense Reimbursement Plan) for all current firefighters. This defined benefit plan is administered by WSCFF (Washington State Council of Firefighters). The department contributes \$75.00 per month per firefighter.

S.E. Thurston Fire Authority participates in HRA (Health Retirement Account) VEBA plan for all current administration employees. This is a defined benefit plan administered by Gallagher VEBA. The department contributes \$75.00 per month per employee.

#### **Note 8 – Risk Management**

S.E. Thurston Fire Authority participates as a member of a joint insurance pool.

VFIS / American Alternative Insurance Corp – [www.americanalternativeinsurancecorporation.com](http://www.americanalternativeinsurancecorporation.com)

The Authority has risks insofar as property, crime, portable equipment, automobile, general liability, and management liability. The Authority maintains commercial insurance coverage through VFIS, a division of Glatfelter Insurance Group. The annual premiums are included in the Authority's expense budget. The Authority takes precautions to avoid claims (i.e., driver training, internal controls, etc.) so the expected annual claims are \$0. The Authority cannot predict vehicle accidents or other losses: however, deductible amounts can be paid with the Authority's reserves or as an unexpected cost.

The deductibles, for those coverages with deductibles, are as follows:

<u>Name of Insurer</u>	<u>Type of Risk</u>	<u>Deductible</u>
VFIS, a division of Glatfelter Insurance Group	Property (Building & Contents)	
	Property	\$1,000
	Earthquake	5%
	Flood	\$1,000
	Portable Equipment	
	Physical Loss	\$250
	Automobile	\$1,000

#### **Note 9 – Leases (Lessees)**

S.E. Thurston Fire Authority leases a copier from Copiers Northwest for \$211.62 per month under a 60 month lease, ending in March 2027.

S.E. Thurston Fire Authority leases a pumper from Oshkosh Capital for \$6,257.88 per month under a 120 month

lease, ending in August 2024.

S.E. Thurston Fire Authority leases an aid unit from Municipal Leasing for \$3,685 per month under an 84 month lease, ending in May 2026.

S.E. Thurston Fire Authority leases an aid unit from State Treasurers Office for \$3,755.33 per month under a 60 month lease, ending in December 2026.

The total amount paid for leases in 2022 was \$150,792.85. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$179,034.71
2024	\$179,095.45
2025	\$104,064.72
2026	\$104,131.84
2027	\$2,116.20
TOTAL	\$568,442.92

**S.E. THURSTON FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**Note 1 - Summary of Significant Accounting Policies**

S.E. Thurston Fire Authority was formed in 2010 and operates under the laws of the state of Washington applicable to a Fire Authority. S.E. THURSTON FIRE AUTHORITY is a Special purpose local government and provides Fire Suppression & Emergency Medical Services.

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

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- Component units are required to be disclosed, but are not included in 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 for proprietary and fiduciary are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions for S.E. Thurston Fire Authority are tracked internally in several funds, but all funds are rolled up for reporting purposes. 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.

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$200,000 and an estimated useful life in excess of at least 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1296. Upon separation or retirement employees do receive payment for unused sick leave at 50%. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long Term Debt*.

**Note 2 - Budget Compliance**

The Fire Authority adopts an annual operating budget for the general expense fund.

The annual budget is 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	Actual Expenditures	Variance
General Fund:			
Administration	\$765,632	\$785,815	(\$20,183)
Fire Suppression	\$4,017,240	\$4,508,430	(\$491,190)
Facilities	\$74,374	\$109,424	(\$35,050)
Vehicle	\$61,424	\$78,580	(\$17,156)
Debt Repayment	\$167,261	\$167,281	(\$20)
Total General Fund	\$5,085,931 *	\$5,649,530	(\$563,599)

*\*Does not include balance carried forward of \$616,548*

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 S.E. THURSTON FIRE AUTHORITY'S legislative body.

**Note 3 – Deposits and Investments**

It is the County/Authority's policy to invest all temporary cash surpluses.

In accordance with State law, the district's governing body has entered into a formal agreement with the district's ex officio treasurer, Thurston County, to have all its funds not required for immediate expenditure to be

invested in the Thurston County Investment Pool (TCIP).

All deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commissioner. The District's investments are held by the Thurston County Treasurer in the Thurston County Investment Pool (TCIP) as its agent in the District's name.

As of December 31, 2021, the district had the following Investments - \$952,914.54

**Investment Type**  
Thurston County Investment Pool

**Fair Value Multiplier (1)**  
.992695

**Effective Duration**  
2.13 years

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

Type of deposit or investment	Authority's <b>own</b> deposits and investments	Deposits and investments held by the Authority as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$0	\$0	\$0
Certificates of deposit	0	0	0
Local Government Investment Pool	\$952,914.54	0	\$952,914.54
U.S. Government securities	0	0	0
<b>Total</b>	<b>\$952,914.54</b>	<b>\$0</b>	<b>\$952,914.54</b>

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

**Investments in the Thurston County Investment Pool**

The Authority is a involuntary participant in the Thurston County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Authority reports its investment in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Authority would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Authority's deposits and certificates of deposit are mostly covered by federal

depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

#### **Note 4 - 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 S.E. Thurston Fire Authority. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

S.E. Thurston Fire Authority's regular levy for the year 2021 was \$1.392499536033 per \$1,000 on an assessed valuation of \$3,104,147,677 for a total regular levy of \$4,322,524.20

#### **Note 5 – Long-Term Debt**

##### **Debt Service**

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

The debt service requirements for Leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$103,612.75	\$15,701.83	\$119,314.58
2023	\$107,454.23	\$11,860.35	\$119,314.58
2024	\$111,441.63	\$7,872.95	\$119,314.58
2025	\$40,486.00	\$3,734.00	\$44,220.00
2026	\$42,311.83	\$1,908.17	\$44,200.00
TOTALS	<u>\$405,306.44</u>	<u>\$41,077.30</u>	<u>\$446,383.74</u>

#### **Note 6 – Pension Plans**

##### **A. State Sponsored Pension Plans**

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

\*Public Employee's Retirement Systems (PERS 1, PERS 2 and PERS 3) and

\*Law Enforcement Officers' and Fire Fighters Retirement System (LEOFF 2)

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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

S.E. THURSTON FIRE AUTHORITY also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington Comprehensive Annual Financial Report available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2021 (the measurement date of the plans), the S.E. Thurston Fire Authority proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$10,034	0.00134700	\$16,450
PERS 2/3	\$16,407	0.00173206	(\$172,541)
LEOFF 2	\$155,409.02	0.000779602	(\$4,528,250)
VFFRPF	\$600.00	0.31	(\$67,874.77)

S.E. Thurston Fire Authority 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 7 – Defined Contributions**

S.E. Thurston Fire Authority participates in MERP (Medical Expense Reimbursement Plan) for all current firefighters. This defined benefit plan is administered by WSCFF (Washington State Council of Firefighters). The department contributes \$75.00 per month per firefighter.

S.E. Thurston Fire Authority participates in HRA (Health Retirement Account) VEBA plan for all current administration employees. This is a defined benefit plan administered by Gallagher VEBA. The department contributes \$75.00 per month per employee.

#### **Note 8 – Risk Management**

S.E. Thurston Fire Authority participates as a member of a joint insurance pool.

VFIS / American Alternative Insurance Corp – [www.americanalternativeinsurancecorporation.com](http://www.americanalternativeinsurancecorporation.com)

The Authority has risks insofar as property, crime, portable equipment, automobile, general liability, and management liability. The Authority maintains commercial insurance coverage through VFIS, a division of Glatfelter Insurance Group. The annual premiums are included in the Authority's expense budget. The Authority takes precautions to avoid claims (i.e., driver training, internal controls, etc.) so the expected annual claims are \$0. The Authority cannot predict vehicle accidents or other losses; however, deductible amounts can be paid with the Authority's reserves or as an unexpected cost.

The deductibles, for those coverages with deductibles, are as follows:

<u>Name of Insurer</u>	<u>Type of Risk</u>	<u>Deductible</u>
VFIS, a division of Glatfelter Insurance Group	Property (Building & Contents)	
	Property	\$1,000
	Earthquake	5%
	Flood	\$1,000
	Portable Equipment	
	Physical Loss	\$250
	Automobile	\$1,000

#### **Note 9 – 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. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

In April 2020, S.E. Thurston Fire Authority declared a state of emergency in response to COVID-19. In May 2020 S.E. Thurston Fire Authority submitted a request for a Public Assistance Grant through the State of Washington to recover costs related to Disaster #4481-DR-WA, COVID-19 Event.

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

**SE Thurston Fire Authority  
Schedule of Liabilities  
For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.51	10 yr lease 2015 Pierce Velocity Pumper	8/19/2024	143,090	-	70,387	72,703
263.51	7 yr lease 2019 Horton F-550 Aid Unit	5/1/2026	158,604	-	37,067	121,537
263.96	2022 Aid Unit	12/31/2026	204,581	-	47,375	157,206
<b>Total General Obligation Debt/Liabilities:</b>			<b>506,275</b>	<b>-</b>	<b>154,829</b>	<b>351,446</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		881,406	51,886	-	933,292
264.30	Pension Liability		41,320	979	-	42,299
263.57	Copier Lease	3/30/2027	10,581	-	2,539	8,042
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>933,307</b>	<b>52,865</b>	<b>2,539</b>	<b>983,633</b>
<b>Total Liabilities:</b>			<b>1,439,582</b>	<b>52,865</b>	<b>157,368</b>	<b>1,335,079</b>

**SE Thurston Fire Authority  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.51	10 yr lease 2015 Pierce Velocity Pumper	8/19/2024	211,235	-	68,145	143,090
263.51	7 yr lease 2019 Horton F-550 Aid Unit	5/1/2026	194,072	-	35,468	158,604
263.51	2022 Aid Unit	12/31/2026	-	249,645	45,064	204,581
<b>Total General Obligation Debt/Liabilities:</b>			<b>405,307</b>	<b>249,645</b>	<b>148,677</b>	<b>506,275</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		870,880	10,526	-	881,406
264.30	Pension Liability		16,450	24,870	-	41,320
263.57	Copier Lease	3/30/2027	-	12,697	2,116	10,581
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>887,330</b>	<b>48,093</b>	<b>2,116</b>	<b>933,307</b>
<b>Total Liabilities:</b>			<b>1,292,637</b>	<b>297,738</b>	<b>150,793</b>	<b>1,439,582</b>

**SE Thurston Fire Authority  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.51	10 yr lease 2015 Pierce Velocity Pumper	8/19/2024	277,209	-	65,974	211,235
263.51	5 yr lease 2014 Horton Aid Unit	1/11/2022	46,456	-	46,456	-
263.51	7 yr lease 2019 Horton F-550 Aid Unit	5/1/2026	228,009	-	33,937	194,072
<b>Total General Obligation Debt/Liabilities:</b>			<b>551,674</b>	<b>-</b>	<b>146,367</b>	<b>405,307</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		685,793	185,087	-	870,880
264.30	Pension Liability		66,287	-	49,837	16,450
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>752,080</b>	<b>185,087</b>	<b>49,837</b>	<b>887,330</b>
<b>Total Liabilities:</b>			<b>1,303,754</b>	<b>185,087</b>	<b>196,204</b>	<b>1,292,637</b>

## 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](http://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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