



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Chelan County Fire Protection District No. 7**

**(Chelan Fire and Rescue)**

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

*Published March 13, 2025*

Report No. 1036780



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

March 13, 2025

Board of Commissioners  
Chelan Fire and Rescue  
Chelan, Washington

**Report on Financial Statements**

Please find attached our report on Chelan Fire and 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*

#### **Chelan Fire and Rescue January 1, 2023 through December 31, 2023**

Board of Commissioners  
Chelan Fire and Rescue  
Chelan, 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 Chelan Fire and 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 February 27, 2025.

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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

February 27, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Chelan Fire and Rescue January 1, 2023 through December 31, 2023**

Board of Commissioners  
Chelan Fire and Rescue  
Chelan, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of Chelan Fire and 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 Chelan Fire and 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 Chelan Fire and 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 February 27, 2025 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

February 27, 2025

## **FINANCIAL SECTION**

### **Chelan Fire and 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

**Chelan County Fire Protection District No. 7**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	2,011,348
388 / 588	Net Adjustments	131

**Revenues**

310	Taxes	3,601,465
320	Licenses and Permits	-
330	Intergovernmental Revenues	27,474
340	Charges for Goods and Services	183,500
350	Fines and Penalties	-
360	Miscellaneous Revenues	211,374
Total Revenues:		4,023,813

**Expenditures**

510	General Government	-
520	Public Safety	2,708,263
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		2,708,263
Excess (Deficiency) Revenues over Expenditures:		1,315,550

**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:		-

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	542,886
591-593, 599	Debt Service	138,505
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	(222)
Total Other Decreases in Fund Resources:		681,169

**Increase (Decrease) in Cash and Investments: 634,381**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	2,645,860
Total Ending Cash and Investments		2,645,860

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

NOTES to FINANCIAL STATEMENTS for  
Chelan County Fire Protection District 7  
MCAG: 1047  
For YEAR END  
December 31, 2023

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

The Chelan County Fire Protection District 7 was incorporated on October 31, 1955, and operates under the laws of the state of Washington, applicable to a fire protection district. The Chelan County Fire Protection District 7 is a special purpose local government and provides fire suppression, fire prevention and public education.

The Chelan County Fire Protection District 7 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.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

#### B. Basis of Accounting and Measurement Focus

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

#### C. Cash and Investments

See Note 4 - *Deposits and Investments*.

#### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1000 that shall be considered a capital asset. Small and attractive assets, any items with a value of at least \$500, are considered items that could be easily removed, stolen, and/or lost without being noticed. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to two (2) times yearly earned annual leave and is payable upon separation or retirement. Sick leave may be accumulated up to 1040 hours for administrative staff and 1440 for career firefighters. Upon separation or retirement, employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

#### F. Long-Term Debt

See Note 5 - *Debt Service Requirements*.

#### G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Chelan County Fire District 7 Board of Commissioners. When expenditures that meet restrictions are incurred, the County Fire District 7 Board of Commissioners intends to use the most restricted resources first. Restrictions and commitments of Ending Cash and Investments consist of \$0.00.

### **Note 2 - Budget Compliance**

The Chelan County Fire Protection District 7 adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level, the general current expense fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level.

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

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

Fund/Department	Final appropriated Amounts	Actual Expenditures	Variance
General Fund: 001	3,463,033	3,389,430	73,602

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Chelan County Fire Protection District 7 legislative body.

### **Note 3 – COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

The Governor's declaration of a state of emergency in response to the Covid virus pandemic had an immediate impact on our operational capabilities in providing emergency service response to our community. Initially, we moved into emergency operations mode utilizing an ICS that focused on the operational priorities for the communities of Chelan, Manson, Entiat, and Orondo. This group comprised of community leaders who worked under the direction of the Chelan-Douglas Emergency Management in coordination with the Chelan-Douglas Health District in the identification, testing, and care for community members. In addition, CF&R implemented improved infection control measures, increased stockpiles of necessary PPE, and worked with local agencies to coordinate effective emergency operations while minimizing possible exposure to a small workforce. CF&R and Lake Chelan Health EMS cooperatively worked together in obtaining the vaccine needed to provide vaccinations (first & second dose) to all emergency responders (Fire, EMS, Law Enforcement, Emergency Dispatch, and Healthcare Providers) in Chelan and Douglas counties. In the long term, we are working towards an effective community vaccination program based upon our success with the First responder program, in addition to continued testing for viral tracking. The financial impacts have been primarily on personnel costs due to backfill for employees out sick with the virus, increased PPE needs, improved infection control measures, and personnel/facility costs for our community vaccination programs. This financial impact has directly impacted our annual operating budget, and we believe that this financial impact will continue until the completion of the community vaccination program.

The length of time these measures will continue to be in place and the full extent of the direct or indirect financial impact on the Chelan County Fire Protection District 7 is unknown at this time.

Chelan County Fire District 7 did not have a direct or indirect financial impact in 2023, as the state of emergency was removed in response to the COVID-19 virus pandemic.

### **Note 4 – Deposits and Investments**

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

Type of deposit or investment	Chelan County Treasurer	Total
Bank Deposits	\$1,200,227	\$1,200,227
Local Government Investment Pool	\$1,442,133	\$1,442,133
Petty Cash	\$ 3,500	\$ 3,500
<b>Total</b>	<b>\$2,645,860</b>	<b>\$2,645,860</b>

#### Investments in Chelan County Investment Pool

The Chelan County Fire District 7 is a voluntary participant in the Chelan 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 Chelan County Fire District 7 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 Chelan County Fire Protection District 7 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 Chelan County Fire Protection District 7 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 Chelan County Fire Protection District 7 or its agent in the government's name.

#### **Note 5 – Long-Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Chelan County Fire District 7 and summarizes the Chelan County Fire District 7 debt transactions for year ended December 31, 2023.

The debt service requirements for non-voted general obligation bonds are as follows:

Year	Principle	Interest	Total
2024	70,000	23,200	93,200
2025	75,000	21,100	96,100
2026	70,000	18,475	88,475
2027	75,000	16,025	91,025
2028	80,000	13,400	214,000



2029-2031	255,000	20,400	275,400
TOTALS	625,000	112,600	737,600

#### **Note 6 – Leases**

The Chelan County Fire District 7 leases 2 copiers from Kelley Imaging Systems for \$232.56 per month under a 60-month lease agreement. The total amount paid for leases in the current reporting period and future lease payments for each of the 5-year period increments thereafter.

The total amount paid for the copier leases in 2023 was \$2,790.72 as of December 31, 2023. The future lease payments are as follows:

Year End December 31	Total
2024	\$1,758.72
2025	\$60.58
Total	\$1,819.30

The Chelan County Fire District 7 leases from Lake Chelan Airport the property at 56 Apple Acres Rd, Chelan, WA, that the Fire Station 74 building sits on. The lease agreement commenced on April 1, 2022, and remains in effect until December 31, 2041. CPI-U adjustments are calculated in the annual payment. The payment for the leased property for 2023 was \$2,941.51.

	Beginning Balance	Payment	End Balance
2022	11,999.42	2739.09	9,260.33
2023	9,260.33	2941.51	6,318.82
2024	6,318.82	3082.35	3,236.47
2025	3,236.47	3236.47	-

The Chelan County Fire District 7 purchased two Spartan Engine trucks. The total amount of the purchase was \$1,559,234.00, (779,617.00 per unit) and the fire district financed \$1,120,000.00 with Leasing Two for ten (10) years.

#### **Note 7 – Paid Family Medical Leave Act Self-Insurance**

The Chelan County Fire District 7 administers a voluntary plan for paid family and/or medical leave benefits for its employees. Voluntary plans are approved by the Employment Security Department and

are available for employers who wish to opt out of the State of Washington's Paid Family & Medical Leave Program for either family leave benefit, medical leave benefit, or both, and instead administer their own internal plan. Employers with voluntary plans are required to offer benefits that are equal to or exceed the benefits offered by the State's program and must report employee hours, wages, premiums deducted from employee pay, and other information to the Employment Security Department on a quarterly basis.

The Chelan County Fire District 7 employees participate in paid family medical leave benefits. Chelan County Fire District 7 is under the 50 employees, the Fire District does not contribute to State of Washington's Paid Family & Medical Leave Program. Chelan County Fire District reports on a quarterly basis to Employment Security Department.

The Chelan County Fire District 7 paid \$0.00 in claims during 2023 and withheld \$8,190.73 of employee deducted premiums at fiscal year-end December 31, 2023.

## **Note 8 – Pension Plans**

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

Substantially all Chelan County Fire District 7 full-time and qualifying part-time employees to 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 PERS 2/3 and 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 (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

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

The Chelan County Fire District 7 also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2023 (the measurement date of the plans), the Chelan County Fire District 7 proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$7,617	0.001118	\$25,521
PERS 2/3	\$12,669	0.001441	(\$59,062)
LEOFF 2	\$55,530	0.024602	(\$590,103)
VFFRPF	\$660	0.38%	\$75,535.23

#### LEOFF Plan 1

The Chelan County Fire District 7 does not participate in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contributed zero percent.

#### LEOFF Plan 2

The Chelan County Fire District 7 also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

#### B. Defined Contribution Pension Plans

Chelan County Fire District 7 participates in the Department of Retirement Systems Deferred Compensation Program. The program is a tax-deferred program IRC section 457 plan administered by the Washington State Department of Retirement Systems.

- LEOFF II employees, employed prior to 04-01-2016 and current are entitled to the then Social Security District contribution of 6.2% of the salaried wage into their deferred compensation account.
- Two contractual employees, the district contributes 3% and 10% of their salary into their deferred compensation account.
- Two PERS 3 and One PERS 2 employee, the district contributes 3% of their salary into their deferred compensation account.

Chelan County Fire District 7 contributed \$78,206.73 in 2023 to DCP.

#### **Note 9 - 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 Chelan County Fire District 7. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Chelan County Fire District 7 regular levy for the year 2023 was \$0.8768 per \$1,000 on an assessed valuation of \$4,160,174,351 for a total regular levy of \$3,647,756.

#### **Note 10 – Risk Management**

The District's industrial insurance is provided by Washington State and is administered by the Department of Labor and Industries. Coverage is purchased by means of standard rates per working hour and is computed by the total number of hours worked by employees multiplied by the basic premium rate assigned to the business risk classification. The following are benefits provided by industrial insurance: medical services, damaged clothing, travel expenses, time-loss payments, vocational rehabilitation, partial disability awards, pension awards, and survivor benefits.

Unemployment compensation is managed through the Federal/State system, which provides some compensation to workers who are temporarily and involuntarily unemployed. It is administered in Washington State by the Employment Security Department in accordance with provisions of the Employment Security Act. The District's employer status for unemployment insurance is as a "reimbursable" employer. In the event of unforeseen numerous unemployment claims subject to payment, the Fire District has funds in the general investment fund to cover the expenditure.

The District's insurance carrier is Nicholson and Associates Insurance. The most recent renewal of coverage is in effect as of 09-01-2023 through 09-01-2024. The District maintains insurance against most normal hazards and general liability claims against the District. The policies include coverage for property, liability, auto, and errors and omissions. The issuing company is Continental Western Insurance Company. The insurance coverage is not a pool entity. In 2023 no claims were filed under the fire district's insurance Nicholson and Associates carrier.

Chelan County Fire Protection District No. 7

Schedule of Liabilities

For the Year Ended December 31, 2023

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	Non Voted GO Bonds	12/31/2031	695,000	-	70,000	625,000
263.56	Lease copiers		4,610	-	2,790	1,820
263.85	Spartan Engines	5/20/2032	1,120,000	-	97,349	1,022,651
263.56	Lake Chelan Airport - Property Lease - Station 74	12/31/2041	52,043	-	2,739	49,304
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,871,653</b>	<b>-</b>	<b>172,878</b>	<b>1,698,775</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		110,817	30,205	-	141,022
264.30	Pension Liability		32,577	-	7,056	25,521
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>143,394</b>	<b>30,205</b>	<b>7,056</b>	<b>166,543</b>
<b>Total Liabilities:</b>				<b>30,205</b>	<b>179,934</b>	<b>1,865,318</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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