



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Whatcom County Fire Protection District No. 21**

**(North Whatcom Fire & Rescue)**

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

*Published May 1, 2025*

Report No. 1037082



Scan to see another great way  
we're helping advance  
#GoodGovernment



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

May 1, 2025

Board of Commissioners  
North Whatcom Fire & Rescue  
Lynden, Washington

**Report on Financial Statements**

Please find attached our report on North Whatcom Fire & Rescue's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***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).*

## TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	4
Independent Auditor's Report on the Financial Statements .....	7
Financial Section .....	11
About the State Auditor's Office .....	24

## 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*

#### **North Whatcom Fire & Rescue January 1, 2023 through December 31, 2023**

Board of Commissioners  
North Whatcom Fire & Rescue  
Lynden, 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 North Whatcom Fire & Rescue, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 24, 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 style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

April 24, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **North Whatcom Fire & Rescue January 1, 2023 through December 31, 2023**

Board of Commissioners  
North Whatcom Fire & Rescue  
Lynden, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of North Whatcom Fire & Rescue, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of North Whatcom Fire & Rescue, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

## **Supplementary Information**

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

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 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 that reads "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

April 24, 2025

## **FINANCIAL SECTION**

### **North Whatcom Fire & Rescue January 1, 2023 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

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

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023

**Whatcom County Fire Protection District No. 21**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Expense Fund</b>	<b>201 LTGO Fund</b>	<b>301 Capital Projects Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	10,500,330	7,305,451	1,362	933,835
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	6,716,347	6,716,137	210	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	293,991	293,991	-	-
340	Charges for Goods and Services	3,810,884	3,810,884	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,125,952	1,049,958	14	21,786
Total Revenues:		11,947,174	11,870,970	224	21,786
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	10,884,780	10,884,780	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		10,884,780	10,884,780	-	-
Excess (Deficiency) Revenues over Expenditures:		1,062,394	986,190	224	21,786
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	356,472	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	55,647	55,647	-	-
Total Other Increases in Fund Resources:		412,119	55,647	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	625,379	-	-	45,873
591-593, 599	Debt Service	13,392	13,392	-	-
597	Transfers-Out	356,472	356,472	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(4,110)	(4,110)	-	-
Total Other Decreases in Fund Resources:		991,133	365,754	-	45,873
<b>Increase (Decrease) in Cash and Investments:</b>		<b>483,380</b>	<b>676,083</b>	<b>224</b>	<b>(24,087)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	409,163	407,578	1,585	-
50841	Committed	3,000,589	-	-	909,747
50851	Assigned	-	-	-	-
50891	Unassigned	7,573,956	7,573,956	-	-
<b>Total Ending Cash and Investments</b>		<b>10,983,708</b>	<b>7,981,534</b>	<b>1,585</b>	<b>909,747</b>

The accompanying notes are an integral part of this statement.

**Whatcom County Fire Protection District No. 21**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>302 Facilities Fund</b>	<b>303 Apparatus Fund</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	1,445,858	813,824
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	33,911	20,283
Total Revenues:		33,911	20,283
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	-
Excess (Deficiency) Revenues over Expenditures:		33,911	20,283
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	356,472
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	356,472
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	280,097	299,409
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		280,097	299,409
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(246,186)</b>	<b>77,346</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	1,199,672	891,170
50851	Assigned	-	-
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>1,199,672</b>	<b>891,170</b>

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

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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

Effective December 7, 2006, the voters of Whatcom County Fire Protection District numbers 3 and 13 approved the merger of District 3 into District 13. Combined, the district changed its name to Whatcom County Fire Protection District #21. On July 1, 2011, North Whatcom Fire and Rescue entered into an inter-local agreement with Whatcom County Fire District #4 creating a functional consolidation. Under the operating agreement both districts maintain separate financial records. WCFD#4 pays an agreed upon amount to WCFD #21 on a quarterly basis each year. Together the service area covers one hundred eighty-two square miles serving an additional nine thousand one hundred forty residents. The district uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

During fiscal year 2023, District 21 was governed by a board of 5 Commissioners. District 4 contracts with D21 for services and their board does not govern but signs vouchers to pay some small bills and D21's quarterly payment. The district has 48 full-paid firefighters, 21 volunteer firefighters, and 7 support staff.

Whatcom County Fire Protection District #21 provides fire protection and emergency medical care services to the City of Blaine, as well as the surrounding rural areas of Whatcom County. It operated on a budgeted total of \$11,132,029 in operating expenditures in the general fund, for fiscal year 2023. The governance and operations of the fire district is supported primarily through property taxes. The Fire District functions under Chapter 52 of the Revised Code of Washington, and other laws of the State of Washington that are applicable to fire districts.

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

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

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**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 (Current Expense) 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.

**Debt Service Funds**

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

**Capital Projects Funds**

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

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

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

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

**C. Cash and Investments**

See Note 3 - *Deposits and Investments*.

It is the policy of the Fire District to invest all temporary cash surplus. The invested amounts are included on the Statement of Resources and uses Arising from Cash Transactions as ending cash and investments.

**D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

E. Compensated Absences

**Sick Hours**

Sick hours will be accrued without limit for represented employees and any hours over 1,000 on December 31<sup>st</sup> will be paid out at 50% of their regular pay. Unrepresented employees are not compensated for sick time. Chief Executive Officers of the Fire District are provided sick leave upon retirement or resignation, and with advanced notice provided, are eligible to receive 33.3% of their accumulated sick leave at time of separation or retirement.

**Vacation Hours**

Vacation hours for represented employees are accrued between 8 to 17 shifts per year as recognized in the CBA (depending on their length of service) and are paid out upon separation or retirement. Unrepresented employees accrue between 80 hours and 192 hours depending on years of service and must use their vacation hours within the year that they earn them. They do have the option to carry over vacation hours if approved by the Fire Chief and are paid out upon separation or retirement. Chief Executive Officers accumulate vacation at a rate dependent on length of service. Currently each Chief Executive Officer is eligible for twenty working days of vacation annually with up to one-half of the accrued annual vacation eligible to be carried over to the next year.

All payments are recognized as expenditures when paid.

Notes to Financial Numbers		2023
Vacation	Sick	Total
\$344,005	\$12,987	\$356,992

F. Long-Term Debt

All outstanding debt for the Fire District was paid off in December 2019.

G. Restricted and Committed Portion of Ending Cash and Investments

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

72111 LTGO - \$1,585 - The final annual payments for Lease #2902-1-1 Fiscal Agent Account #WHA2902-1-1 3 fire engines and 1 ladder truck were paid off 12/01/2019.

72130, 72131, 72132 Capital Projects - \$3,000,589 remaining in the Capital Project Investment Accounts.

72142 Mitigation Fee - \$407,578 These funds are reserved and are to be spent based on the rules and regulations of mitigation/impact fees.



**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 2 - Budget Compliance**

The district adopts annual appropriated budgets for General, Long Term Debt Service, and Capital funds. These budgets are appropriated at the fund level except 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 appropriations for these funds lapse at the fiscal year end.

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

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

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenses</b>	<b>Variance</b>
001 - Expense Fund			
Expense Fund	11,132,028.52	11,094,860.63	37,167.89
Mitigation Funds	0.00	155,672.29	-155,672.29
<b>Total 001 - Expense Fund</b>	<b>11,132,028.52</b>	<b>11,250,532.92</b>	<b>(118,504.40)</b>
<b>301 - Capital Projects Fund</b>	<b>159,000.00</b>	<b>45,873.43</b>	<b>113,126.57</b>
<b>302 - Facilities Fund</b>	<b>360,000.00</b>	<b>280,096.69</b>	<b>79,903.31</b>
<b>303 - Apparatus Fund</b>	<b>250,000.00</b>	<b>299,409.02</b>	<b>(49,409.02)</b>

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

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 3 – Deposits and Investments**

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

Type of Deposit or Investment	(City/Town/District)'s own deposits & investments	Deposits & investments held by the (City/Town/District) as custodian for other local governments, individuals, or private organizations.	Combined
Deposits	3,128,240		3,128,240
LGIP	39		39
Bonds Investments	8,855,467		8,855,467
<i>Totals</i>	11,983,746	0	11,983,746

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

All deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. Whatcom County Fire Protection District #21 investments are held by the Whatcom County Treasurer acting as the agent in the district's name.

Investments in Whatcom County Investment Pool (WCIP)

The district is a voluntary participant in the WCIP, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at an amortized cost which is the same as the value of the pool per share. WCIP does not impose liquidity fees and explains its deposit and withdrawal procedures on the Whatcom County Treasurer's website.

**Note 4 – Leases (Lessees)**

North Whatcom Fire and Rescue identified 3 active leases in 2023. They are for copier and printer leases, and are listed as the following.

Contract Description	Classification	Contract Start Date	Contract End Date	Payment	Frequency	Term in Years
Great America Lease - AG-1624547	Lease	12/2/2021	12/31/2026	510.00	monthly	60 months - 5 years
Great America Lease - AG-1739124 (550i Copier)	Lease	11/30/2022	11/30/2027	\$338.32 base	monthly	60 months - 5 years
Great America Lease - AG-1813423	Lease	11/30/2022	11/30/2027	\$69 Base	monthly	60 months - 5 years

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

Additionally, here is a schedule of future lease payments.

Year	Lease Payments
2024	11,008
2025	11,008
2026	11,008
2027	4,888
2028	
2029-2033	
2034-2038	
2039-2043	
2044-2048	
2049-2053	
2054-2058	
2059-2063	
<i>Total</i>	<i>37,912</i>

**Note 5 – Long-Term Debt**

All outstanding debt for the Fire District was paid off in December 2019. The accompanying Schedule of Liabilities provides more details of outstanding debt and liabilities of the Fire District and summarizes the Fire District's debt transactions for the year ended December 31, 2022.

**Note 6 – Other Postemployment Benefits (OPEB Plans)**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the district. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had 1 retiree. As of December 31, 2023, the district's total OPEB liability was \$596,774, as calculated using the alternative measurement method. For the year ended December 31, 2023, the district paid \$13,464 in LEOFF 1 benefits.

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution	Liability
Deferred Compensation	Washington State DRS	DCP		50	0	up to 2%	None
MERP	Washington State Council of FF's			45	0	None	None
VEBA	Peak One / VEBA			5	0	850.00	None
LEOFF1	Washington State DRS			0	1	13,464.00	596,774.00
						<i>Total</i>	<i>596,774.00</i>

**Note 7 – Pension Plans**

A. State Sponsored Pension Plans

Substantially all the district's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

- 1. Public Employees Retirement System (PERS)**
- 2. Law Enforcement and Firefighters Retirement System (LEOFF II)**

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

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

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

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

The Fire District also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers.

Detailed information about the plan is included in the State of Washington 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 district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1			2,282,732,000		
PERS 1 UAAL	13107.97	0.00192400%	2,282,732,000	43,920	
PERS 2/3	21779.63	0.00247700%	(4,098,683,000)		(101,524)
PSERS 2/3			(106,039,000)		-
LEOFF 1	0	0.00369900%	(2,968,024,000)		(109,787)
LEOFF 2	334859.51	0.14835400%	(2,398,598,000)		(3,558,416)
VFFRPF	300	0.170000%			(34,334)
		<i>Totals</i>		\$ 43,920	\$ (3,804,062)

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**LEOFF Plan 1**

The district also participates 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 contribute zero percent.

**LEOFF Plan 2**

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

**B. Washington State Deferred Compensation Program**

Whatcom County Fire Protection District #21 also participates in the WA ST Deferred Comp Program. The Legislature, by means of a special funding arrangement, appropriates money from NWFR general fund to supplement the current service liability and fund the prior service costs that match .025% of the gross pay up to 2% of the members gross pay in accordance with the January 1, 2020, through to December 31 union contract, signed and dated January 1, 2020, between Local 106 Union and NWFR Fire Commissioners. This special funding situation is not mandated by the state constitution and could be changed by statute.

The employer paid \$123,687.78 for WA DCP Match between January 1, 2023 to December 31, 2023.

**Note 8 - Property Tax**

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

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

The district's regular levy for the year 2023 was \$0.84 per \$1,000 on an assessed valuation of \$7,964,035,593 for a total regular levy of \$6,731,219.59.

**North Whatcom Fire & Rescue**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 9 – SBITA (Lessees)**

During 2023, the district adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. In 2023, North Whatcom Fire and Rescue did not have any of these arrangements.

**Whatcom County Fire Protection District No. 21**  
**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>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		354,294	2,698	-	356,992
264.30	Pension Liability		54,601	-	10,681	43,920
264.40	OPEB Liability		551,857	44,917	-	596,774
263.57	Copier Lease - Great America Financial Services	10/31/2027	24,480	-	6,120	18,360
263.57	Printer Lease - Great America Financial Services	11/30/2026	20,299	-	4,060	16,239
263.57	Printer Lease - Great America Financial Services	11/30/2027	4,140	-	828	3,312
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,009,671</b>	<b>47,615</b>	<b>21,689</b>	<b>1,035,597</b>
<b>Total Liabilities:</b>			<b>1,009,671</b>	<b>47,615</b>	<b>21,689</b>	<b>1,035,597</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.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)