



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, 2018 through December 31, 2019

Published February 1, 2021

Report No. 1027675





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

February 1, 2021

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 condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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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 Government Auditing Standards..... | 4 |
| Independent Auditor's Report on Financial Statements..... | 7 |
| Financial Section..... | 11 |
| About the State Auditor's Office..... | 33 |

**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
GOVERNMENT AUDITING STANDARDS**

**North Whatcom Fire & Rescue
January 1, 2018 through December 31, 2019**

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 years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 13, 2021.

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.

As discussed in Note 7 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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

January 13, 2021

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

North Whatcom Fire & Rescue January 1, 2018 through December 31, 2019

Board of Commissioners
North Whatcom Fire & Rescue
Lynden, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of North Whatcom Fire & Rescue, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

Management's Responsibility 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 *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, North Whatcom Fire & Rescue has prepared these financial statements to meet the financial reporting requirements of state law using 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 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 years ended December 31, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for 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. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

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, 2019 and 2018, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 7 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. 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 taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021 on our consideration of the District’s internal control over financial reporting and on our 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 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 written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

January 13, 2021

FINANCIAL SECTION

North Whatcom Fire & Rescue January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019

Fund Resources and Uses Arising from Cash Transactions – 2018

Notes to Financial Statements – 2019

Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019

Schedule of Liabilities – 2018

Whatcom County Fire Protection District No. 21
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

| | | Total for All Funds (Memo Only) | 021 General Fund - Report On | 221 G.O. Bond Fund - Report On | 321 Capital Projects Fund - Report On |
|---|--------------------------------|--|---|---|--|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 3,054,926 | 113,330 | 287,947 | 2,653,649 |
| 30880 | Unreserved | 4,679,343 | 4,679,343 | - | - |
| 388 / 588 | Net Adjustments | 40,289 | 40,289 | - | - |
| Revenues | | | | | |
| 310 | Taxes | 6,134,571 | 5,894,025 | 240,546 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | 1,549,183 | 1,548,633 | 550 | - |
| 340 | Charges for Goods and Services | 2,430,476 | 2,430,476 | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 189,917 | 130,047 | 6,633 | 53,237 |
| Total Revenues: | | 10,304,147 | 10,003,181 | 247,729 | 53,237 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | 8,934,571 | 8,934,571 | - | - |
| Total Expenditures: | | 8,934,571 | 8,934,571 | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 1,369,576 | 1,068,610 | 247,729 | 53,237 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | 470,540 | 3,235 | 39,882 | 427,423 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 1,156 | 1,156 | - | - |
| 381, 382, 395, 398 | Other Resources | 57,586 | 57,586 | - | - |
| Total Other Increases in Fund Resources: | | 529,282 | 61,977 | 39,882 | 427,423 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 323,776 | - | - | 323,776 |
| 591-593, 599 | Debt Service | 239,588 | - | 239,588 | - |
| 597 | Transfers-Out | 470,540 | 467,305 | - | 3,235 |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 2,131 | 2,131 | - | - |
| 581, 582 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 1,036,035 | 469,436 | 239,588 | 327,011 |
| Increase (Decrease) in Cash and Investments: | | 862,823 | 661,151 | 48,023 | 153,649 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 3,183,202 | 39,934 | 335,971 | 2,807,297 |
| 5088000 | Unreserved | 5,454,180 | 5,454,180 | - | - |
| Total Ending Cash and Investments | | 8,637,382 | 5,494,114 | 335,971 | 2,807,297 |

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, 2018

| | | Total for All Funds (Memo Only) | 021 General Fund - Report On | 221 G.O. Bond Fund - Report On | 321 Capital Projects Fund - Report On |
|---|--------------------------------|--|---|---|--|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 1,926,009 | 73,090 | 280,542 | 1,572,377 |
| 30880 | Unreserved | 5,547,248 | 5,547,248 | - | - |
| 388 / 588 | Net Adjustments | 10,324 | 6,035 | - | 4,289 |
| Revenues | | | | | |
| 310 | Taxes | 6,048,846 | 5,805,105 | 243,741 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | 42,529 | 42,529 | - | - |
| 340 | Charges for Goods and Services | 2,285,308 | 2,285,308 | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 181,138 | 154,220 | 4,364 | 22,554 |
| Total Revenues: | | 8,557,821 | 8,287,162 | 248,105 | 22,554 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | 7,927,808 | 7,927,808 | - | - |
| Total Expenditures: | | 7,927,808 | 7,927,808 | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 630,013 | 359,354 | 248,105 | 22,554 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | 1,220,000 | - | - | 1,220,000 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 449 | 449 | - | - |
| 381, 382, 395, 398 | Other Resources | 39,085 | 39,085 | - | - |
| Total Other Increases in Fund Resources: | | 1,259,534 | 39,534 | - | 1,220,000 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 165,570 | - | - | 165,570 |
| 591-593, 599 | Debt Service | 240,701 | - | 240,701 | - |
| 597 | Transfers-Out | 1,220,000 | 1,220,000 | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 12,594 | 12,594 | - | - |
| Total Other Decreases in Fund Resources: | | 1,638,865 | 1,232,594 | 240,701 | 165,570 |
| Increase (Decrease) in Cash and Investments: | | 250,682 | (833,706) | 7,404 | 1,076,984 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 3,054,926 | 113,330 | 287,947 | 2,653,649 |
| 5088000 | Unreserved | 4,679,343 | 4,679,343 | - | - |
| Total Ending Cash and Investments | | 7,734,269 | 4,792,673 | 287,947 | 2,653,649 |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

WHATCOM COUNTY FIRE PROTECTION DISTRICT #21
December 31, 2019
MCAG NO. 2902

NOTE 1 - Summary of Significant Accounting Policies

The District reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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. WFD#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 2019, 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 44 full-paid firefighters, 21 volunteer firefighters, and 10 support staff and 1 part-time.

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 \$7,978,396 in operating expenditures in the general fund, for fiscal year 2019. 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.
- 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 not presented using the classifications defined in GAAP.

A. Fund Accounting:

The accounts of Whatcom County Fire Protection District #21 are organized on the basis of funds, each of which is considered a separate entity. Each fund is accounted for with a set of single-entry accounts that comprises its cash,

investments, revenues and expenditures as appropriate. The Fire District's resources are allocated to and accounted for in these individual funds depending on their intended purpose. The following are the fund types used by the Fire District:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund:

This fund is the primary operating fund of the Fire District. 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 Fund:

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:

Basis for accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid. Including those properly chargeable against the report year(s) budget appropriations as required by state law.

The Fire District maintains separate accounting for revenues acquired in each fund. All funds have a revenue section separate from a designated expenditure section. Funds held in the General Expense Fund are normally used for regular operating expenditures. To facilitate financial operations and tax collection distribution, tax revenues are collected and distributed to the General Expense Fund. Those revenues are then distributed to the specific funds as designated by the Board of Fire Commissioners, through the annual budgeting and a "transfer of funds" process.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The General Obligation Bond Fund is normally funded directly by tax revenues. The Board of Fire Commissioners will require that sufficient tax revenue is dedicated to this fund to ensure all known debt is funded to make the appropriate scheduled payments.

C. Cash and Investments:

See Note 3 – Deposits and Investment

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 \$1000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences:

Sick Hours:

Sick hours will be accrued without limit for represented employees and will be paid any sick leave balance over 1000 hours on December 31st at 50% of their regular pay.

Administrative staff employees are not compensated for sick time.

Chief Executive Officers of the fire district are provided sick leave which upon retirement or resignation, and with advance notice provided, are eligible to receive 33.3% of their accumulated sick leave at time of resignation.

Vacation Hours:

Vacation leave for represented employees shall be no higher than the amount of hours they are allotted to accrue the previous year, plus 120 hours. A represented 13 year employee on January 1st can accumulate a max of 408 hours in their vacation bank.

Unrepresented employees 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.

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.

In the event of separation of employment for any reason the NWFR employees shall be compensated for accrued vacation hours which have not been used at their regular rate of pay.

All payments are recognized as expenditures when paid.

| | |
|----------------------|-----------|
| Vacation Liability | \$151,666 |
| Sick Leave Liability | \$ 10,736 |
| Total | \$162,402 |

F. Long-Term Debt

See Note 5 – Debt Service Requirements

G. Other Financing Sources or Uses

The government's Other Financing Sources includes voluntary Mitigation fees received from all new development that exceed the SEPA threshold. The SEPA threshold varies between jurisdictions.

H. Reserved 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 - \$234,032 - 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 - \$2,807,297 Remaining in the Capital Project Investment Accounts

72142 Mitigation Fee - \$39,932. These funds are reserved and are to be spent based on the rules and regulations of mitigation/impact fees.

Note 2 -. Budget Compliance

The Fire District adopts an annual appropriated budget 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 legally adopted budgets were as follow:

| Fund | Final Appropriated Amounts | Actual Expenditures | Variance |
|---|----------------------------------|------------------------|--------------------|
| General Fund | | | |
| <i>Administrative Division</i> | 854,925 | 986,956 | (132,031) |
| <i>Operations Division</i> | 5,910,979 | 6,506,299 | (595,320) |
| <i>Fire Prevention/Pub Ed</i> | 151,062 | 231,043 | (79,981) |
| <i>Training Division</i> | 243,237 | 201,921 | 41,316 |
| <i>Facilities Division</i> | 218,050 | 238,109 | (20,059) |
| <i>Fleet Maintenance Division</i> | 464,792 | 494,441 | (29,649) |
| <i>Ambulance Services</i> | 0 | 275,802 | (275,805) |
| <i>580 Other Expenditures</i> | \$3,750 | \$2,131 | \$1,618 |
| Total General Fund | 7,846,796 | 8,936,702 | (1,089,907) |
| | | | |
| Capital Fund | 131,600 | 323,777 | (192,177) |
| | | | |
| Long-Term Debt | 239,588 | 239,588 | (0.00) |
| | | | |

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 Fire District's legislative body.

NOTE 3: Deposits and Investments:

Investments are reported at (amortized cost). Deposits and investments by type at December 31, 2019 are as follows;

| | | |
|--|-----------------|--------------|
| <u>Type of Deposit or Investments:</u> | General Fund | \$ 5,494,114 |
| | GO Bond | \$ 335,971 |
| | Capital Project | \$ 2,807,297 |
| | Total | \$ 8,637,382 |

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 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 in its Operating Terms and Conditions document available on the Whatcom County Treasurer website.

NOTE 4 - Property Taxes:

The Whatcom County Treasurer serves as the fiscal agent for the fire district and collects property taxes levied on all non-exempt properties lying within the boundaries of the fire district. The Whatcom County Treasurer serves in this capacity for all taxing authorities within the county. Collections are distributed at the end of each month with the fire district receiving accounting reports of monthly tax collections within fifteen days of the end of the monthly accounting period.

Property tax revenues are recognized when the proceeds from such collections are reported to and received by Whatcom County Fire Protection District #21. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Whatcom County Fire Protection District #21 regular levy for the year 2019 for collection in 2019 was 1.264 per \$1,000 on an assessed valuation of \$4,665,891,976 for a total levy of \$5,902,168.81.

The Whatcom County Fire Protection District #21 Bond regular levy for the year 2018 for collection in 2019 was 0.0515 per \$1,000 on an assessed valuation of \$4,669,817,586 for a total levy of \$240,700.00

NOTE 5 – Debt Service Requirements

During 2009 the District was approved for financing from the Washington Treasury Department for 10 years in the amount of \$2,059,186.00 to be used for the purchase of three engines and one ladder truck. The payments for this financing did not begin until June 2010, and the district did not begin drawing down any funds for this loan until January 2010. December 2019 the final payment was made to this debt and NWFR now no longer has any debt to declare.

NOTE 6 - Pension Plans:

A. State Sponsored Pension Plans

Substantially, all of Whatcom County Fire Protection District #21 full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) or Law Enforcement and Firefighters Retirement System (LEOFF II) retirement plans as mandated by state statute. These retirement plans are administered by the Washington State Department of Retirement Systems, under cost sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the Fire District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits with the exception of the Volunteers contribution that is paid by the Fire District through VFFRPF.

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

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

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

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

Whatcom County Fire Protection District #21 also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2019 (the measurement date of the plans), Whatcom County Fire Protection District #21 proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

| Plan Type | Employer Contributions | Plan Liability / Asset | Allocation Percentage | NPL | NPA |
|---------------|------------------------|------------------------|-----------------------|---|-------------|
| PERS 1 UAAL | 19,532.00 | 3,845,355,000 | 0.002724% | 104,747 | |
| PERS 2/3 | 28,703.00 | 971,340,000 | 0.003514% | 34,133 | |
| LEOFF 1 | | (1,976,611,000) | 0.003355% | | (66,315) |
| LEOFF 2 | 252,030.59 | (2,030,218,000) | 0.136697% | | (3,166,850) |
| VFFRPF | 480.00 | (2,316,693,000) | 0.240000% | | (164,358) |
| <i>Totals</i> | | | | \$138,880 | (3,397,523) |
| | | | | <i>Assets not reported on Schedule 09</i> | |

LEOFF Plan 1

Whatcom County Fire Protection District #21 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.

There have been zero LEOFF Plan 1 payments by the employer.

LEOFF Plan 2

Whatcom County Fire Protection District #21 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.

The employer paid \$254,784.92 for LEOFF Plan 2

Employer Rate:

1/1/2018 – 12/31/2018: 0.0543

Note 7 - Other Disclosures:

- In 2019 we participated in the Health Care Authority – Ground Emergency medical Transportation (GEMT) Program. The HCA/GEMT sign up cost for NWFR was: \$275,802.45 and we were awarded \$1,418,264.15.
- Labor Contract Negotiation: The 2020 Collective Bargaining Agreement negotiations commenced in August 2019 and were completed in a very short time. A few of the articles required some language changes, but the majority remained unchanged. Wages, benefits and a change of the medical insurance company were the biggest changes of the contract. Both parties were able to come to an agreement and the CBA was signed by the fire district and the union on December 6th 2019.

State Grant Funds Awarded:

In the 2019 Budget year, Whatcom County Fire Protection District #21 received a prehospital participation grant thru the Department of Health. The grant amount was \$1,266.

COVID-19:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Whatcom County Fire Protection District #21 has been complying with all directives and orders from the Governor's office since the beginning of the Covid-19 pandemic. The Board of Commissioners have adopted governance and fiscal resolutions as recommended by the Governor, Secretary of State, and out district legal counsel to ensure the continued delivery of essential services to our citizens.

Whatcom County Fire Protection District #21 has applied to FEMA, through the CARES Act, for reimbursement of costs related to Covid-19. These cost include wage reimbursement for employees that were sheltering due to high risk of contracting Covid-19, additional personal protective equipment needed to ensure employees were able to safely provide care to suspected Covid-19 patients, and other associated costs that the CARES Act have outlined as reasonable. The total amount that Whatcom County Fire Protection District #21 is seeking in reimbursement is \$39,344.89. Whatcom County Fire Protection District #21 staff has been working with an assigned specialist from the Washington State Military Department on this project.

Note 8 - Risk Management

Whatcom County Fire District #21 members healthcare is covered under Coastal Administrative Services Inc. which is a Self-funded Welfare benefit plan, Medical, Vision, Prescription Drug and Dental (Group No.: 21320084). This Plan is subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the "Privacy Rule").

- Healthcare costs over \$45,000 per medical procedure, per person are covered by reinsurance through IOA RE INC. – 190 W Germantown Pike, Suite 2020 E Norriton, PA USA 19401

Whatcom County Fire District #21's property and liability coverage is with Guide Insurance since September 2018 for 3 months, annual renewal dates were different than Enduris Insurance. Renewed December 1, 2018 to December 1, 2019- (CIAW) 181937040.

NWFR renewed provident accident & sickness policy through MacIlvennie Associates, Inc., effective March 1, 2015 through March 1st 2020 (policy number ESO-7784401)

NOTES TO THE FINANCIAL STATEMENTS

WHATCOM COUNTY FIRE PROTECTION DISTRICT #21
December 31, 2018
MCAG NO. 2902

NOTE 1 - Summary of Significant Accounting Policies

The District reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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. WFD#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 2018, 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 49 full-paid firefighters, 43 volunteer firefighters, and 9 support staff and 1 part-time.

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 \$7,825,376 in operating expenditures in the general fund, for fiscal year 2018. 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.
- 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 not presented using the classifications defined in GAAP.

A. Fund Accounting:

The accounts of Whatcom County Fire Protection District #21 are organized on the basis of funds, each of which is considered a separate entity. Each fund is accounted for with a set of single-entry accounts that comprises its cash, investments, revenues and expenditures as appropriate. The Fire District's resources are allocated to and accounted for in these individual funds depending on their intended purpose. The following are the fund types used by the Fire District:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund:

This fund is the primary operating fund of the Fire District. 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 Fund:

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:

Basis for accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid. Including those properly chargeable against the report year(s) budget appropriations as required by state law.

The Fire District maintains separate accounting for revenues acquired in each fund. All funds have a revenue section separate from a designated expenditure section. Funds held in the General Expense Fund are normally used for regular operating expenditures. To facilitate financial operations and tax collection distribution, tax revenues are collected and distributed to the General Expense Fund. Those

revenues are then distributed to the specific funds as designated by the Board of Fire Commissioners, through the annual budgeting and a “transfer of funds” process.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The General Obligation Bond Fund is normally funded directly by tax revenues. The Board of Fire Commissioners will require that sufficient tax revenue is dedicated to this fund to ensure all known debt is funded to make the appropriate scheduled payments.

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.

E. Compensated Absences

Chief Executive Officers:

Chief Executive Officers of the fire district are provided sick leave which accrues at the rate of sixteen hours per month. Sick leave can be accrued to a maximum of seven hundred and twenty hours. Executive staff officers upon retirement or resignation, and with advance notice provided, are eligible to receive 33.3% of their accumulated sick leave at time of resignation. There were three Chief Executive Officers at the beginning of 2018. The two remaining Chief Executive Officers (Fire Chief retired December of 2018) combined have a total of 1440 hours of accumulated Sick hours remaining. The 33.3% estimated cost of paying out of the total accumulated sick leave is \$24,273.

Chief Executive Officers accumulate vacation at a rate dependent on length of service. Currently each Chief Executive Officer is eligible for twenty five working days of vacation annually with up to one-half of the accrued annual vacation eligible to be carried over to the next year. The two Chief Executive Officers combined have 353 hours of accumulated vacation remaining. The estimated cost of paying the total accumulated vacation is \$20,619.

Administration Staff and Represented Employees:

Administrative staff and represented employees accumulate vacation based on current working agreement and length of service and must be used within the year it is accumulated. Recently, we have estimated all hours earned, including the vacation earned the first year of employment and not taken.

The estimated total outstanding vacation time accrued for both the administrative staff and the represented employees equals 4130 hours. The estimated cost of paying the total accumulated vacation is \$133,811. Outstanding Union Employee Sick hours: 168 Hours, estimated cost: \$5,662

F. Long-Term Debt

See Note 5 – Debt and Service Requirements

G. Other Financing Sources or Uses

The government’s Other Financing Sources includes voluntary Mitigation fees received from all new development that exceed the SEPA threshold. The SEPA threshold varies between jurisdictions.

H. Reserved 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 - \$287,947. These funds are reserved to pay for the final annual payments for apparatus.

72130, 72131, 72132 Capital Projects. \$2,653,649. Remaining in the Capital Project Investment Accounts

72142 Mitigation Fee - \$113,329. These funds are reserved and are to be spent based on the rules and regulations of mitigation/impact fees.

Note 2 – Budget Compliance

The Fire District adopts an annual appropriated budget 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 legally adopted budgets were as follow:

| Fund | Final Appropriated Amounts | Actual Expenditures | Variance |
|------------------------------------|----------------------------------|------------------------|-----------|
| General Fund | | | |
| <i>Administrative Division</i> | 753,830 | 875,217 | (121,387) |

| | | | |
|-----------------------------------|------------------|------------------|------------------|
| <i>Operations Division</i> | <i>5,897,627</i> | <i>6,109,533</i> | <i>(211,906)</i> |
| <i>Fire Prevention/Pub Ed</i> | <i>10,300</i> | <i>747</i> | <i>9,553</i> |
| <i>Training Division</i> | <i>234,853</i> | <i>222,094</i> | <i>12,759</i> |
| <i>Facilities Division</i> | <i>350,988</i> | <i>330,107</i> | <i>20,881</i> |
| <i>Fleet Maintenance Division</i> | <i>427,777</i> | <i>390,110</i> | <i>37,667</i> |
| <i>Custodial Activities</i> | | <i>12,594</i> | <i>(12,594)</i> |
| Total General Fund | 7,675,374 | 7,940,402 | (265,027) |
| | | | |
| Capital Fund | 148,500 | 165,570 | (17,070) |
| | | | |
| Long-Term Debt | 240,700 | 240,700 | (0.00) |

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 Fire District's legislative body.

NOTE 3 – Deposits and Investments

Investments are reported at amortized cost fair value. Deposits and investments by type at December 31, 2018 are as follows;

Type of Deposit or Investment

| | |
|------------------------------|--------------|
| General Fund Investment Pool | \$ 4,792,673 |
| GO Bond Fund | \$ 287,947 |
| Capital Project Fund | \$2,653,649 |
| Total | \$7,734,269 |

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

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 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 amortized cost, the same as the value of the pool per share. WCIP does not impose liquidity fees and

explains its deposit and withdrawal procedures in its Operating Terms and Conditions document available on the Whatcom County Treasurer website.

NOTE 4 - Property Taxes:

The Whatcom County Treasurer serves as the fiscal agent for the fire district and collects property taxes levied on all non-exempt properties lying within the boundaries of the fire district. The Whatcom County Treasurer serves in this capacity for all taxing authorities within the county. Collections are distributed at the end of each month with the fire district receiving accounting reports of monthly tax collections within fifteen days of the end of the monthly accounting period.

Property tax revenues are recognized when the proceeds from such collections are reported to and received by Whatcom County Fire Protection District #21. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Whatcom County Fire Protection District #21 regular levy for the year 2017 for collection in 2018 was 1.387 per \$1,000 on an assessed valuation of \$4,155,762,531 for a total levy of \$5,767,023.

The Whatcom County Fire Protection District #21 Bond regular levy for the year 2017 for collection in 2018 was 0.058 per \$1,000 on an assessed valuation of \$4,159,316,111 for a total levy of \$242,000.

NOTE 5 – Debt Service Requirements:

During 2009 the District was approved for financing from the Washington Treasury Department for 10 years in the amount of \$2,059,186.00 to be used for the purchase of three engines and one ladder truck. The payments for this financing did not begin until June 2010, and the district did not begin drawing down any funds for this loan until January 2010.

Lease Payment:

| | |
|-------|-------------------|
| 2019 | \$ 234,032 |
| Total | <u>\$ 234,032</u> |

NOTE 6 - Pension Plans:

A. State Sponsored Pension Plans

Substantially, all of Whatcom County Fire Protection District #21 full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) or Law Enforcement and Firefighters Retirement System (LEOFF II) retirement plans as mandated by state statute. These retirement plans are administered by the Washington State Department of Retirement Systems, under cost sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the Fire District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages

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At June 30, 2018 (the measurement date of the plans), Whatcom County Fire Protection District #21 proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

| Plan Type | Employer Contributions | Plan Liability / Asset | Allocation Percentage | NPL | NPA |
|-------------|------------------------|------------------------|-----------------------|------------|----------------|
| PERS 1 UAAL | 17,842.85 | 4,466,034,000 | 0.002669% | 119,216 | |
| PERS 2/3 | 26,569.13 | 1,707,411,000 | 0.003443% | 58,786 | |
| LEOFF 1 | | 1,815,502,000 | 0.003297% | | (59,857) |
| LEOFF 2 | 230,936.70 | (2,030,218,000) | 0.133174% | | (2,703,727) |
| VFFRPF | 510 | (52,844,000.00) | 0.250000% | | (131,530) |
| Totals | | | | \$ 178,002 | \$ (2,895,114) |

LEOFF Plan 1

Whatcom County Fire Protection District #21 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.

There have been zero LEOFF Plan 1 payments by the employer.

LEOFF Plan 2

Whatcom County Fire Protection District #21 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.

The employer paid \$253,875.93 for LEOFF Plan 2

Employer Rate:

1/1/2018 – 12/31/2018: 0.0543

Note 7 - Other Disclosures:

Whatcom County Fire Protection District #21 is involved in litigation with a volunteer firefighter who was injured during a training event. This litigation has been “on hold” pending legal review of the ability for a volunteer firefighter to be able to sue his/her employer because of an “on-the-job injury”. The Washington Supreme Court ruled that volunteer firefighters can sue their employer because they do not fall under the protection of the Labor and Industries statutes. This lawsuit remains in litigation between the claimant and the District’s insurance carrier. A new trial date was set for October 16, 2018.

This litigation has been resolved out of court, before the court set date of October 16, 2018.

Labor Contract Negotiation:

The past union contract Agreement took effect from January 1, 2014 and continued in full force and effect through December 31, 2016. Whatcom County Fire Protection District #21 and the employees who are represented by the International Association of Firefighters, Local 106NW have participated in state mediation and has now been accepted by all parties. The 2019 union contract negotiations will begin in fall of 2019

State Grant Funds Awarded:

In the 2018 Budget year, Whatcom County Fire Protection District #21 received a prehospital participation grant thru the Department of Health. The grant amount was \$1,222.

In the 2017 Budget year, Whatcom County Fire Protection District #21 received a Firefighter 1 Training Grant from the Washington State Patrol in the amount of \$2,400.

Note 8 - Risk Management

Whatcom County Fire District #21 members healthcare is covered under Coastal Administrative Services Inc. which is a Self-funded Welfare benefit plan, Medical, Vision, Prescription Drug and Dental (Group No.: 21320084). This Plan is subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the “Privacy Rule”).

- Healthcare costs over \$45,000 per medical procedure, per person are covered by reinsurance through IOA RE INC. – 190 W Germantown Pike, Suite 2020 E Norriton, PA USA 19401

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NWFR renewed provident accident & sickness policy through MacIlvennie Associates, Inc., effective March 1, 2015 through March 1st 2020 (policy number ESO-7784401)

Whatcom County Fire Protection District No. 21
Schedule of Liabilities
For the Year Ended December 31, 2019

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|--|---|-----------------|--------------------------|------------------|-------------------|-----------------------|
| General Obligation Debt/Liabilities | | | | | | |
| 263.51 | Capital Lease | 12/31/2019 | 234,032 | - | 234,032 | - |
| | Total General Obligation Debt/Liabilities: | | 234,032 | - | 234,032 | - |
| Revenue and Other (non G.O.) Debt/Liabilities | | | | | | |
| 264.30 | Pension Liability | 12/31/2019 | 178,002 | - | 39,122 | 138,880 |
| 259.12 | Compensated Absences | 12/31/2019 | 184,366 | 453,232 | 475,196 | 162,402 |
| | Total Revenue and Other (non G.O.) Debt/Liabilities: | | 362,368 | 453,232 | 514,318 | 301,282 |
| | Total Liabilities: | | 596,400 | 453,232 | 748,350 | 301,282 |

Whatcom County Fire Protection District No. 21
Schedule of Liabilities
For the Year Ended December 31, 2018

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|---|----------------------|-----------------|--------------------------|------------------|-------------------|-----------------------|
| General Obligation Debt/Liabilities | | | | | | |
| 263.51 | Capital Lease | 12/31/2018 | 461,954 | - | 227,923 | 234,032 |
| Total General Obligation Debt/Liabilities: | | | 461,954 | - | 227,923 | 234,032 |
| Revenue and Other (non G.O.) Debt/Liabilities | | | | | | |
| 264.30 | Pension Liability | 12/31/2018 | 251,566 | - | 73,564 | 178,002 |
| 259.12 | Compensated Absences | 12/31/2018 | 203,086 | 450,745 | 469,465 | 184,366 |
| Total Revenue and Other (non G.O.) Debt/Liabilities: | | | 454,652 | 450,745 | 543,029 | 362,368 |
| Total Liabilities: | | | 916,606 | 450,745 | 770,952 | 596,400 |

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

| Contact information for the State Auditor's Office | |
|--|--|
| Public Records requests | PublicRecords@sao.wa.gov |
| Main telephone | (564) 999-0950 |
| Toll-free Citizen Hotline | (866) 902-3900 |
| Website | www.sao.wa.gov |