



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
Thurston County Fire
Protection District No. 9
(McLane Fire Department)

For the period January 1, 2019 through December 31, 2021

Published February 2, 2023

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

February 2, 2023

Board of Commissioners
McLane Fire Department
Olympia, Washington

Report on Financial Statements

Please find attached our report on McLane Fire Department's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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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.....	53

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*

McLane Fire Department January 1, 2019 through December 31, 2021

Board of Commissioners
McLane Fire Department
Olympia, 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 McLane Fire Department, as of and for the years ended December 31, 2021, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 27, 2023.

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 27, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

McLane Fire Department January 1, 2019 through December 31, 2021

Board of Commissioners
McLane Fire Department
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of McLane Fire Department, as of and for the years ended December 31, 2021, 2020 and 2019, 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 McLane Fire Department, and its changes in cash and investments, for the years ended December 31, 2021, 2020 and 2019, 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 McLane Fire Department, as of December 31, 2021, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements 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 27, 2023 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

January 27, 2023

**McLane Fire Department
January 1, 2019 through December 31, 2021**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
Fund Resources and Uses Arising from Cash Transactions – 2019
Notes to Financial Statements – 2021
Notes to Financial Statements – 2020
Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020
Schedule of Liabilities – 2019

Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		<u>Total for All Funds (Memo Only)</u>	<u>001 District 9 General Fund 6690</u>	<u>100 District 9 EMS Fund 6694</u>	<u>200 District 9 Debt Fund 6692</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,533,347	5,357,231	1,106,555	69,546
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,649,930	5,813,857	-	836,073
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	90,515	84,150	-	6,365
340	Charges for Goods and Services	1,163,146	692,936	470,210	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	176,989	164,096	7,728	5,044
Total Revenues:		<u>8,080,580</u>	<u>6,755,039</u>	<u>477,938</u>	<u>847,482</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	5,099,243	5,088,409	10,834	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>5,099,243</u>	<u>5,088,409</u>	<u>10,834</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		2,981,337	1,666,630	467,104	847,482
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,190,000	-	-	190,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>1,190,000</u>	<u>-</u>	<u>-</u>	<u>190,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	253,393	142,407	110,986	-
591-593, 599	Debt Service	1,007,345	-	-	1,007,345
597	Transfers-Out	1,190,000	1,190,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	19,153	19,153	-	-
Total Other Decreases in Fund Resources:		<u>2,469,891</u>	<u>1,351,560</u>	<u>110,986</u>	<u>1,007,345</u>
Increase (Decrease) in Cash and Investments:		<u>1,701,446</u>	<u>315,070</u>	<u>356,118</u>	<u>30,137</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	99,682	-	-	99,682
50841	Committed	1,462,674	-	1,462,674	-
50851	Assigned	1,000,136	-	-	-
50891	Unassigned	5,672,297	5,672,297	-	-
Total Ending Cash and Investments		<u>8,234,789</u>	<u>5,672,297</u>	<u>1,462,674</u>	<u>99,682</u>

The accompanying notes are an integral part of this statement.

Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		300 District 9 Capital Fund 6691
Beginning Cash and Investments		
308	Beginning Cash and Investments	15
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	121
Total Revenues:		121
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		121
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	1,000,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		1,000,000
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
Increase (Decrease) in Cash and Investments:		1,000,121
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	1,000,136
50891	Unassigned	-
Total Ending Cash and Investments		1,000,136

The accompanying notes are an integral part of this statement.

Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		<u>Total for All Funds (Memo Only)</u>	<u>001 District 9 General Fund 6690</u>	<u>100 District 9 EMS Fund 6694</u>	<u>200 District 9 Debt Fund 6692</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,364,572	3,641,950	720,977	(2,449)
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,357,899	5,587,690	-	770,209
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	57,144	45,968	-	11,176
340	Charges for Goods and Services	1,274,105	884,102	390,003	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	95,051	82,352	10,153	2,525
Total Revenues:		<u>7,784,199</u>	<u>6,600,112</u>	<u>400,156</u>	<u>783,910</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	4,626,191	4,611,613	14,578	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>4,626,191</u>	<u>4,611,613</u>	<u>14,578</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		3,158,008	1,988,499	385,578	783,910
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	264,145	-	-	264,145
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>264,145</u>	<u>-</u>	<u>-</u>	<u>264,145</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	12,579	12,579	-	-
591-593, 599	Debt Service	976,060	-	-	976,060
597	Transfers-Out	264,145	260,046	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,600	2,600	-	-
Total Other Decreases in Fund Resources:		<u>1,255,384</u>	<u>275,225</u>	<u>-</u>	<u>976,060</u>
Increase (Decrease) in Cash and Investments:		<u>2,166,769</u>	<u>1,713,274</u>	<u>385,578</u>	<u>71,995</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	69,546	-	-	69,546
50841	Committed	1,106,555	-	1,106,555	-
50851	Assigned	15	-	-	-
50891	Unassigned	5,355,231	5,355,231	-	-
Total Ending Cash and Investments		<u>6,531,347</u>	<u>5,355,231</u>	<u>1,106,555</u>	<u>69,546</u>

The accompanying notes are an integral part of this statement.

Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		300 District 9 Capital Fund 6691
Beginning Cash and Investments		
308	Beginning Cash and Investments	4,094
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	21
Total Revenues:		21
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		21
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	4,099
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		4,099
Increase (Decrease) in Cash and Investments:		(4,078)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	15
50891	Unassigned	-
Total Ending Cash and Investments		15

The accompanying notes are an integral part of this statement.

Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		<u>Total for All Funds (Memo Only)</u>	<u>001 District 9 General Fund 6690</u>	<u>100 District 9 EMS Fund 6694</u>	<u>200 District 9 Debt Fund 6692</u>
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	3,877,157	3,738,814	269,797	(135,466)
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	4,584,250	3,841,502	-	742,748
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	92,863	84,384	-	8,479
340	Charges for Goods and Services	1,024,616	426,911	597,705	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	133,528	122,429	6,509	4,509
Total Revenues:		<u>5,835,257</u>	<u>4,475,226</u>	<u>604,214</u>	<u>755,736</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,875,426	3,800,108	75,318	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>3,875,426</u>	<u>3,800,108</u>	<u>75,318</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		1,959,831	675,118	528,896	755,736
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	320,500	-	-	320,500
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>320,500</u>	<u>-</u>	<u>-</u>	<u>320,500</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	528,812	451,096	77,716	-
591-593, 599	Debt Service	943,220	-	-	943,220
597	Transfers-Out	320,500	320,500	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	(217)	(217)	-	-
581, 582	Other Uses	600	600	-	-
Total Other Decreases in Fund Resources:		<u>1,792,915</u>	<u>771,979</u>	<u>77,716</u>	<u>943,220</u>
Increase (Decrease) in Cash and Investments:		487,416	(96,861)	451,180	133,016
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	4,364,573	3,641,951	720,977	(2,449)
Total Ending Cash and Investments		4,364,573	3,641,951	720,977	(2,449)

The accompanying notes are an integral part of this statement.

**Thurston County Fire Protection District No. 9
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019**

		300 District 9 Capital Fund 6691
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	4,012
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	81
Total Revenues:		81
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		81
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		-
Increase (Decrease) in Cash and Investments:		81
Ending Cash and Investments		
5081000	Reserved	-
5088000	Unreserved	4,094
Total Ending Cash and Investments		4,094

The accompanying notes are an integral part of this statement.

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Note I - Summary of Significant Accounting Policies

The Thurston County Fire District 9 was incorporated in November of 1953 and operates under the laws of the state of Washington applicable to a fire district. The district is a special purpose local government and provides fire protection, emergency medical and rescue services

The 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.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

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.

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

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.

C. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

The District has no formal Capital asset policy.

E. Compensated Absences

Bargaining unit employees are compensated for up to 250 hours of Vacation upon retirement or separation at their regular rate of pay. They may accumulate up to a maximum of 1500 hours of sick leave. Upon separation they are compensated for unused sick leave at 25% of the hours accrued at their regular rate of pay.

Upon separation or retirement, administrative employees are compensated for a maximum of 30 days of Vacation leave and 240 hours of sick leave at their regular rate of pay.

Payments as described above are recognized as expenditures when paid.

The District had the following liability for compensated absences for the year ended December 31, 2021.

Sick Leave Liability	Vacation Liability	Total Leave Liability
\$ 226,540	\$ 183,147	\$ 409,687

F. Long-Term Debt

See Note 5 – Long-Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Fire Commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first. Restrictions and commitments of Ending Cash and Investments consist of \$2,562,492.

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Note 2 - Budget Compliance

The district adopts annual appropriated budgets for seven funds. These budgets are appropriated at the fund level, except the general 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:

Fund/Department	Final Appropriated	Actual Expenses	Variance
001 - District 9 General Fund 6690			
District 9 General Fund 6690	5,619,560.38	5,399,762.11	219,798.27
District 9 M&O Levy 6698	1,820,000.00	1,040,209.58	779,790.42
Total 001 - District 9 General Fund 6690	7,439,560.38	6,439,971.69	999,588.69
100 - District 9 EMS Fund 6694	490,000.00	121,819.47	368,180.53
200 - District 9 Debt Fund 6692	1,032,335.00	1,007,345.00	24,990.00

No funds were appropriated from the Capital Projects Fund, Reserve Fund or Grant Fund.

Budgeted amounts are authorized to be transferred between object classes 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.

The variance in fund 6690 resulted primarily from over funding of Volunteer reimbursement, LEOFF medical expense reimbursement and unexpended training funds.

Funds budgeted for transfer from 6698 to 6690 were unnecessary because of over funding of expenditures as described and revenue received from State Fire Mobilization in excess of that budgeted.

Fund 6694 is the District's EMS & apparatus replacement fund. The District was unable to purchase Aid Units as scheduled due to supply chain issues.

Funds were transferred from the General Fund 6690 to the Debt Service Fund 6692 to fully meet the debt service obligation on December 1, 2021. By months end, additional tax revenue levied for the purpose of debt repayment was received creating a variance.

Funds for the repayment of non-Voted debt are restricted for use in the General Fund and transferred to the

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

debt service fund to meet the non-Voted debt obligations as scheduled.

Note 3 – COVID-19 Pandemic

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

The District implemented all safety precautions mandated by the Department of Labor and industries including, masking, health screening and social distancing. Facilities were closed to the public and interactions with the community for the purpose of providing public safety education were canceled. For the duration of 2021, the Board of Fire Commissioner meetings were held in electronic format with a Zoom link provided, allowing for public participation.

The District was not substantially fiscally impacted by the COVID 19 Pandemic during this reporting period. The primary funding source of the District’s revenue is property tax collection which remained at near normal levels.

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

Note 4 – Deposits and Investments

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

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

Type of Deposit or Investment	Deposits & Investments
6690 General Expense Fund Carry Forward	\$ 1,447,526
6691 Capital Projects Fund	\$ 1,000,136
6692 Debt Service Fund	\$ 99,682
6694 EMS/Apparatus Replacement Fund	\$ 1,462,674
6695 Reserve	\$ 1,470,104
6697 Grant Management Fund	\$ 0
6698 Maintenance and Operations Fund	\$ 2,752,697
<i>Totals</i>	\$ 8,232,819

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Thurston County Fire District 9 is a voluntary participant in the Thurston County Investment Pool (TCIP), 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. Investments in the TCIP are reported at fair value, which, as of 12/31/2021, is reporting an unrealized loss from book value of 0.7305%. The TCIP does not impose any restrictions on participant withdrawals.

Custodial Credit Risk

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

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

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

As of December 31, 2021, the district had the following Investments:

Name of County Investment Pool

Thurston County Investment Pool

Fair Value Multiplier (1)

.992695

Weighted Average Maturity

2.13 years

- (1) A TCIP participant can calculate the fair value of its investments in the TCIP by taking the multiplier supplied by Thurston County for the end of the fiscal year and multiplying this number times the amount of cash that the participant had in the TCIP. For example, if a participant had \$1,000,000 in cash invested in the TCIP, the fair value of its investments in the TCIP on August 31, 2021, would be calculated by taking \$1,000,000 times .992695 or \$992,695.

Note 5 – Long-term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2021.

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

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Year	Principal	Interest	Total Debt Service
2022	\$ 935,000	\$ 100,870	\$ 1,035,870
2023	\$ 780,000	\$ 71,210	\$ 851,210
2024	\$ 840,000	\$ 45,060	\$ 885,060
2025	\$ 175,000	\$ 16,940	\$ 191,940
2026	\$ 180,000	\$ 8,590	\$ 188,590
<i>Totals</i>	\$ 2,910,000	\$ 242,670	\$ 3,152,670

Funds for the repayment of non-voted debt are restricted for use in the General Fund and transferred to the debt service fund to meet the repayment requirements as scheduled.

A portion of the Districts Voted debt will retire in 2022, with the remaining Voted Debt retiring in 2024. The balance of outstanding debt will retire December 1, 2026.

Note 6 – 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, 2021, the plan had 2 members, all retirees. As of December 31, 2021, the district’s total OPEB liability was \$1,139,627 as calculated using the alternative measurement method. For the year ended December 31, 2021, the District paid \$31,634 in benefits.

Note 7 – Pension Plans

- A. State Sponsored Pension Plans
- B. 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 Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans LEOFF II and PERS 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 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:

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

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

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

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

At June 30, 2021, 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 (Net Plan Liability)	NPA (Net Plan Asset)
PERS 1 UAAL	\$ 7,764	0.00104200%	\$ 1,221,234,000	\$ 12,725	
PERS 2/3	\$ 12,697	0.00134000%	\$ (9,961,609,000)		\$ (133,486)
LEOFF 1		0.00530400%	\$ (3,425,562,000)		\$ (181,692)
LEOFF 2	\$ 129,026	0.06472500%	\$ (5,808,414,000)		\$ (3,759,496)
VFFRPF	\$ 750				\$ (84,843)
	\$ 150,237	<i>Totals</i>		\$ 12,725	\$ (4,159,516)

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.

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.

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Property tax revenues are recognized when cash is received by 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 2021 was \$1.38 per \$1,000 on an assessed valuation of \$2,542,709,671 for a total regular levy of \$3,496,477. Funds from the Districts regular levy collection were committed to the repayment of non-voted debt in the amount of \$191,270, including Principal and Interest.

The District levied taxes to meet the obligations of voter approved bonds in the following amounts: Fire District 9, levied \$604,787, \$0.30 per \$1,000 of assessed value, on a valuation of \$1,968,539,483. Taxes were also levied to meet the obligations of voter approved bonds on properties within the boundaries of the merged area formally known as Fire District 5, as follows \$ 242,889, \$0.25 per \$1,000 of assessed value on a valuation of \$960,958,141 for a total combined G.O. Bond levy of \$847,676.

Taxes were also levied as allowed by the voter approved Maintenance and Operations levy in the amount of \$2,395,695, \$.95 per \$1,000 of assessed value, on the District's valuation of \$2,509,210,508.

Note 9 – Risk Management

McLane Black Lake Fire Department is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987, pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

Property⁽²⁾:

Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays⁽¹⁾
Business Interruption (BI)/ Extra Expense(EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾ :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense	Member Aggregate	\$0	\$25,000	\$0

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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Reimbursement⁽¹⁰⁾

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

Thurston County Fire Protection District 9
Notes to the Financial Statements
For the year ended December 31, 2021

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

The District also maintains additional earthquake coverage, provided by Alliant Insurance on the headquarters station and two other stations within the District.

Note 10 – Other Disclosures

Effective September 1, 2018, Thurston County Fire District 5 merged into Thurston County Fire District 9. For administrative purposes, the Thurston County Treasurer collects, and reports taxes levied for the purpose of District 5's debt repayment separately, from Thurston County Fire District 9's tax collection. District 5's debt obligation will be retired in December of 2026.

At the Primary election in August of 2019, voters approved the renewal and increase of the District's M&O levy. The District began collection of the four-year levy in 2020.

The District contracts through an interagency agreement with the Washington State Patrol for the purpose of receiving reimbursement for allowable Fire agency costs incurred while its assets are mobilized in accordance with Chapter 38.54 RCW and the Washington State Fire Services Resource Mobilization Plan.

The District contracts to provide Emergency Medical and Fire Protection services to The Evergreen State College. The current contract rate is \$294,371 annually.

The District participates in the State Ground Emergency Medical Transport (GEMT) program. The GEMT program provides supplemental payments to publicly owned or operated qualified GEMT providers. The supplemental payments cover the funding gap between a provider's actual costs per GEMT transport and the allowable amount received from Washington Apple Health (Medicaid) and any other sources of reimbursement. In 2021, the District received payments in the amount of \$284,462.

The District contracts for ambulance transport billing services with Systems Designs West, LLC.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

Thurston County Fire District 9 was incorporated in November of 1953 and operates under the laws of the state of Washington applicable to Fire Districts. The district is a special purpose local government and provides fire protection, emergency medical and rescue services.

The 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:

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- All funds are presented, rather than a focus on major funds.
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- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

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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.

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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

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.

C. Cash and Investments

See Note 5 - *Deposits and Investments*.

D. Capital Assets

The District has no formal Capital asset policy.

E. Compensated Absences

Bargaining unit employees are compensated for up to 250 hours of Vacation upon retirement or separation at their regular rate of pay. They may accumulate up to a maximum of 1500 hours of sick leave. Upon separation they are compensated for unused sick leave at 25% of the hours accrued at their regular rate of pay. In 2020, the Fire District hired eight firefighters, substantially increasing their liability for compensated absences.

Upon separation or retirement, Administrative employees are compensated for a maximum of 30 days of Vacation leave and 240 hours of sick leave at their regular rate of pay.

Payments as described above are recognized as expenditures when paid.

The District had the following liability for compensated absences for the year ended December 31, 2020.

Sick Leave Liability	Vacation Leave Liability	Total Leave Liability
\$ 232,571	\$ 179,728	\$ 412,299

F. Long-Term Debt

See Note 6 – *Long Term Debt*

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

Fire Commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$1,176,101, representing the ending fund balance of the debt service fund and the EMS fund. Funds collected in the debt service fund are restricted for the repayment of long-term debt. Funds deposited in the EMS fund are committed for the purpose of apparatus replacement.

Note 2 - Budget Compliance

The district adopts annual appropriated budgets for seven funds. These budgets are appropriated at the fund level, except the general 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 cash basis of accounting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - District 9 General Fund 6690			
District 9 General Fund 6690	\$ 5,661,177	\$ 4,872,950	\$ 788,227
District 9 Grant Fund 6697	\$ 47	\$ 46	\$ 1
District 9 Reserve Fund 6695	\$ -	\$ -	\$ -
District 9 M&O Levy 6698	\$ 250,000	\$ 13,838	\$ 236,162
Total 001 - District 9 General Fund 6690	\$ 5,911,224	\$ 4,886,834	\$ 1,024,390
100 - District 9 EMS Fund 6694	\$ 12,000	\$ 14,578	\$ (2,578)
200 - District 9 Debt Fund 6692	\$ 974,860	\$ 976,060	\$ (1,200)
300 - District 9 Capital Fund 6691	\$ 4,050	\$ 4,099	\$ (49)

Budgeted amounts are authorized to be transferred between object classes 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.

The variance in fund 6690 resulted from the delayed hiring of eight firefighters and an internal moratorium placed by the Fire Chief on all non-essential purchasing, as a precautionary measure in consideration of the Covid-19 pandemic.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

The variance in fund 6698 resulted from curtailment of all non-essential spending as stated above. The Maintenance and operations fund provides resources for facility maintenance and improvements as well as operational funds as needed. In 2020, budgeted facility improvement projects were canceled.

Fund 6694 is the Districts EMS & apparatus replacement fund. The variance is a result of the unbudgeted reimbursement of funds due to the City of Olympia.

The variance in fund 6692 represents unbudgeted finance fees.

Note 3 – COVID-19 Pandemic

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

The District developed and implemented a continuity of services plan for the COVID-19 pandemic, to assure continued essential administrative and operational services. In consideration of the Governor's public meeting mandate prohibiting in person meetings, the Board of Fire Commissioners began holding meetings via the Zoom application and continues to do so. The link is posted on the District's website.

The District was not substantially fiscally impacted by the COVID 19 Pandemic during this reporting period. The primary funding source of the Districts revenue is property tax collection which remained at near normal levels.

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

Note 4 – Going Concern

The financial statements have been prepared on a going concern basis, which assumes the district will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

Note 5 – Deposits and Investments

Thurston County Fire District 9 is a participant in the Thurston County Investment Pool, an external investment pool. The District reports its investment in the pool as the fair value amount, which is the same as the value of the pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The County's investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor, and the Chairman of the Board of County Commissioners. The object of the pool is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

state and local statutes governing the investment of public funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Thurston county Investment Pool does not have a credit rating and had a weighted average maturity of 1.91 years as of December 31, 2020.

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

The Fair Value Multiplier as of December 31, 2020, was 1.008299.

The fair value of investments in the TCIP can be calculated by taking the multiplier supplied by Thurston County for the end of the fiscal year and multiplying this number times the amount of cash that the participant had in the TCIP. For example, if a participant had \$1,000,000 in cash invested in the TCIP, the fair value of its investments in the TCIP at December 31, 2020 would be calculated by taking \$1,000,000 times 1.008299, or \$1,008,299.

Deposits and investments at December 31, 2020 are as follows:

Type Investment - LGIP	Deposits & investments
Pool Cash Balance 6690	\$ 911,046
Pool Cash Balance 6691	\$ 15
Pool Cash Balance 6692	\$ 69,546
Pool Cash Balance 6694	\$ 1,106,555
Pool Cash Balance 6695	\$ 1,460,988
Pool Cash Balance 6697	\$ -
Pool Cash Balance 6698	\$ 2,983,197
Total LGIP Investment	\$ 6,531,347

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

Note 6 – Long-term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district’s debt transactions for year ended December 31, 2020.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

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

Year	Principal	Interest	Total Debt Service
2021	\$ 880,000	\$ 126,145	\$ 1,006,145
2022	\$ 935,000	\$ 100,870	\$ 1,035,870
2023	\$ 780,000	\$ 71,210	\$ 851,210
2024	\$ 840,000	\$ 45,060	\$ 885,060
2025	\$ 175,000	\$ 16,940	\$ 191,940
2026	\$ 180,000	\$ 8,590	\$ 188,590
Total	\$ 3,790,000	\$ 368,815	\$ 4,158,815

Note 7 – OPEB Plans

Thurston County Fire District 9 retains liability for three LEOFF I retirees. The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the District as required by RCW 41.26.150. The plan pays for 100% of eligible retirees’ healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had three members, all retirees. As of December 31, 2020, the District’s total OPEB liability was \$1,896,699, as calculated using the alternative measurement method (AMM), tool provided by the Office of the State Actuary. For the year ended December 31, 2020, the District paid \$49,389 in benefits.

Note 8 – 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 Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans LEOFF II or PERS 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 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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

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

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

At June 30, 2020 (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			3,530,540,000	-	
PERS 1 UAAL	20984.18	0.00289500%	3,530,540,000	102,209	
PERS 2/3	34644.33	0.00376100%	1,278,943,000	48,101	
LEOFF 1	0	0.00486100%	(1,888,509,000)		(91,800)
LEOFF 2	88577.41	0.04528000%	(2,039,854,000)		(923,646)
VFFRPF	1080	0.560000%	(35,240,000)		(195,929)
		<i>Totals</i>		\$ 150,310	\$ (1,211,375)

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.

Note 9 - Property Tax

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

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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

The district's regular levy for the year 2020 was \$1.43 per \$1,000 on an assessed valuation of \$2,427,996,072 for a total regular levy of \$3,470,813. Funds from the Districts regular levy collection are committed to the repayment of non-voted debt in the amount of \$193,924.

The District levied taxes to meet the obligations of voter approved bonds in the following amounts: Fire District 9, levied \$560,949, \$0.29 per \$1,000 of assessed value, on a valuation of \$1,923,532,677. Taxes were also levied to meet the obligations of voter approved bonds on properties within the boundaries of the merged area formally known as Fire District 5, as follows \$ 216,580, \$0.24 per \$1,000 of assessed value on a valuation of \$892,990,306 for a total combined G.O. Bond levy of \$777,529.

Taxes were also levied as allowed by the voter approved Maintenance and Operations levy in the amount of \$2,199,415, \$.90 per \$1,000 of assessed value, on the District's valuation of \$2,403,984,821.

The District also collected tax from the harvest and sale of timber in the amount of \$91,136.

Note 10 – Risk Management

McLane Black Lake Fire Department is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk", blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris did not have any claim settlements that exceeded the limits in the last 3 years.

The District participates in the State offered plans for Unemployment and Paid Family Medical Leave. Job related injuries are covered by the Washington State Department of Labor and Industries.

Medical and dental coverage for the Districts employees is provided by First Choice Health through the Washington State Fire Commissioners program that is administered through Trusteed Plans.

Note 11 – Other Disclosures

Effective September 1, 2018, Thurston County Fire District 5 merged into Thurston County Fire District 9. For administrative purposes, the Thurston County Treasurer collects, and reports taxes levied for the purpose of District 5's debt repayment separately, from Thurston County Fire District 9's tax collection. District 5's debt obligation will be repaid in December of 2026.

At the Primary election in August of 2019, voters approved the renewal and increase of the District's M&O levy. The District began collection of the four-year levy in 2020.

The District contracts through an interagency agreement with the Washington State Patrol for the purpose of receiving reimbursement for allowable Fire agency costs incurred while its assets are mobilized in accordance with Chapter 38.54 RCW and the Washington State Fire Services Resource Mobilization Plan.

The District contracts to provide Emergency Medical and Fire Protection services to The Evergreen State College. The current contract rate is \$294,371 annually.

The District participates in the State Ground Emergency Medical Transport (GEMT) program and

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2020

received payment for fiscal year 2020 in the amount of \$201,180.

The District contracts for ambulance transport billing services with Systems Designs West, LLC.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

Thurston County Fire Protection District #9 is a special purpose governmental agency that provides fire protection and emergency services to the general public and is supported primarily through property taxes. The District was incorporated in November of 1953 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts.

The 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

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

Special Revenue Funds

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

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.

C. Cash and Investments

See Note 2 - *Cash and Investments*.

D. Capital Assets

The District has no formal capitalization policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Bargaining unit employees are compensated for up to 250 hours of Vacation upon retirement or separation at their regular rate of pay. They may accumulate up to a maximum of 1500 hours of sick leave. Upon separation they are compensated for unused sick leave at 25% of the hours accrued at their regular rate of pay.

Upon separation or retirement, Administrative employees are compensated for a maximum of 30 days of Vacation leave and 240 hours of sick leave at their regular rate of pay.

Payments as described above are recognized as expenditures when paid.

The District had the following liability for compensated absences for the year ended December 31, 2019

Sick Leave Liability	Vacation Leave Liability	Total Leave Liability
\$ 180,643	\$ 117,988	\$ 298,631

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

F. Long-Term Debt

See Note 3 - *Debt Service Requirements*.

G. 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 Fire Commissioners. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the Districts Debt Service fund.

Note 2 – Deposits and Investments

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

The District is a participant in the Thurston County Investment Pool, an external investment pool. The District reports its investment in the pool as the fair value amount, which is the same as the value of the pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The County's investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor and the Chairman of the Board of County Commissioners. The object of the policy is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

The Thurston county Investment Pool does not have a credit rating and had a weighted average maturity of 1.46 years as of December 31, 2019

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

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

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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

Investment Type	Fair Value Multiplier (1)	Effective Duration
Thurston County Investment Pool	1.001571	1.46 years

Our pool is not rated by a nationally recognized statistical rating organization (NRSRO).

(1) A TCIP participant can calculate the fair value of its investments in the TCIP by taking the multiplier supplied by Thurston County for the end of the fiscal year and multiplying this number times the amount of cash that the participant had in the TCIP. For example, if a participant had \$1,000,000 in cash invested in the TCIP, the fair value of its investments in the TCIP at December 31, 2019 would be calculated by taking \$1,000,000 times 1.001571, or \$1,001,571.

As of December 31, 2019, the district had the following Investments:

Investments by type at December 31, 2019 were as follows

Type of Investment - LGIP	Ending Balance
Pool Cash Balance 6690	1,368,670
Pool Cash Balance 6691	4,094
Pool Cash Balance 6692	(2,449)
Pool Cash Balance 6694	720,977
Pool Cash Balance 6695	1,442,442
Pool Cash Balance 6697	46
Pool Cash Balance 6698	830,792
<i>Total LGIP Investments</i>	4,364,572

Note 3 –Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district’s debt transactions for year ended December 31, 2019.

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

Year	Principal	Interest	Total Debt Service
2020	\$825,000	\$149,860	\$974,860
2021	\$880,000	\$126,145	\$1,006,145
2022	\$935,000	\$100,870	\$1,035,870
2023	\$780,000	\$71,210	\$851,210
2024	\$840,000	\$45,060	\$885,060
2025-2026	\$355,000	\$25,530	\$380,530
TOTAL			\$5,133,675

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

Note 4 – Budget Compliance

The district adopts annual appropriated budgets for seven 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 follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
District 9 General Fund 6690	4,131,759.00	3,972,347.76	159,411.24
District 9 Grant Fund 6697			
District 9 Reserve Fund 6695			
District 9 M&O Levy 6698	855,000.00	279,241.67	575,758.33
Total 001 - District 9 General Fund 6690	4,986,759.00	4,251,589.43	735,169.57
100 - District 9 EMS Fund 6694	169,500.00	153,033.97	16,466.03
200 - District 9 Debt Fund 6692	941,840.00	943,220.00	-1,380.00
300 - District 9 Capital Fund 6691	4,050.00		4,050.00

Budgeted amounts are authorized to be transferred between and 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 district legislative body.

Variance in the General Fund resulted primarily from project work that was postponed.

Variance in the Debt Fund is a result of the omission of debt service fees from the budget.

Note 5 - 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/after) the end of each month.

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

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

The District's regular levy for the year 2018 for collection in 2019 for Fire District 9 was \$1.38 per \$1,000.00 on an assessed valuation of \$1,728,272,821 and \$0.09 per \$1000.00 on \$1,785,092,403. The merged area, previously known as Fire District 5, levied the following taxes in 2018 for collection in 2019. The regular levy rate was \$1.36 per \$1,000.00 on an assessed valuation of \$614,378,539 and \$0.03 on an assessed valuation of \$885,881,527, resulting in a total regular levy for the merged fire district of \$3,408,424.

The District levied taxes to meet the obligations of voter approved bonds in the following amount; Fire District 9, levied \$538,432, \$0.29 per \$1,000 of assessed value on a valuation of \$1,831,954,678. Taxes were also levied to meet the obligations of voter approved bonds on properties within the boundaries of the merged District as follows \$ 216,363. \$0.24 per \$1,000 of assessed value on a valuation of \$886,314,306 for a total G.O. Bond levy of \$770,000.

Taxes were also levied as allowed by the voter approved Maintenance and Operations levy in the amount of \$339,011, \$0.20 per \$1,000 of assessed value, based on a value of \$1,736,622,020 for Fire District 9 and \$120,583, \$0.20 per \$1000 of assessed value, based on a value of \$605,309,428 for the merged District.

Note 6 – OPEB Plans

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the District as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had four members, all retirees. For the year ended December 31, 2019 the District paid \$52,976 in benefits.

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Retired Employees	Employer Contribution
LEOFF I Retiree Insurance	Trusted Plans	DBP	LEOFF I Retiree Medical	4	49882
LEOFF I Retiree Expense	FD9	DBP	Medical Reimbursement	4	3094
				Total	\$ 52,976

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all district full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, LEOFF II or PERS II.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

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

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

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

At June 30, 2019, the district 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	7691.53	3,845,355,000	0.00107300%	41,261	
PERS 2/3	11318.49	971,340,000	0.00138600%	13,463	
LEOFF 1	-	(1,976,611,000)	0.0004912%		(97,091)
LEOFF 2 D9	71222.08	(2,316,693,000)	0.03863000%		(894,939)
LEOFF 2 D5	10832.09	(2,316,693,000)	0.00587500%		(136,106)
VFFRPF	1200	(67,993,000)	0.006000%		(410,896)
<i>Totals</i>				\$ 54,723	\$ (1,539,032)

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.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

Note 8 – Risk Management

McLane Black Lake Fire Department is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Note 9 - Other Disclosures

For Administrative purposes, the Thurston County Treasurer reports taxes levied by Thurston County Fire District 5, separately from Thurston County Fire District 9. While all revenue for the merged District is collected by Thurston County Fire District 9, the Treasurer intends to continue this separation of reporting until the debt obligations of Thurston County Fire District 5 are retired.

Effective September 1, 2018, Thurston County Fire District 5 merged into Thurston County Fire District 9. The Thurston County Treasurer will continue to collect and report tax levies separately until the debt obligations of Thurston County Fire District 5 are fulfilled.

At the Primary election in August Of 2019, voters of the merged District approved the renewal and increase of the District's M&O levy, providing funding for eight new firefighter positions.

The District was named as the defendant in a legal action involving a collision between the District's fire engine and a passenger vehicle with seven occupants. Enduris of Washington, the District's insurer, represented the District in legal proceedings. As of May 2019, the matter settled in the amount of \$4,040,000.

The District contracts through an interagency agreement with the Washington State Patrol for the purpose of receiving reimbursement for allowable Fire agency costs incurred while its assets are mobilized in accordance with Chapter 38.54 RCW and the Washington State Fire Services Resource Mobilization Plan.

The District contracts to provide Emergency Medical and Fire Protection services to The Evergreen State College. The current contract rate is \$294,371 annually.

The District participates in the State Ground Emergency Medical Transport (GEMT) program and received payment for fiscal years 2017 and 2018 in the amount of \$371,537

The District contracts for ambulance transport billing services with Systems Designs West, LLC.

Note 10 – Subsequent events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following declarations, precautionary measures to slow the spread of the virus were ordered. These measures included closing

Thurston County Fire District 9
Notes to the Financial Statements
For the year ended December 31, 2019

schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The District developed and implemented a continuity of services plan for the COVID-19 pandemic, to assure continued essential administrative and operational services. In consideration of the Governor's public meeting mandate prohibiting in person meetings, the Board of Fire Commissioners began holding meetings via the Zoom application and continues to do so. The link is posted on the District's website.

The District was not substantially fiscally impacted by the COVID 19 Pandemic during this reporting period. The primary funding source of the Districts revenue is property tax collection which remained at near normal levels.

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

**Thurston County Fire Protection District No. 9
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	FD9 2007 Non-Voted GO Bonds	12/1/2026	835,000	-	125,000	710,000
251.11	FD5 2007 Non-Voted GO Bonds	12/1/2026	135,000	-	20,000	115,000
251.12	FD9 2012 Refinanced Voted GO Bonds	12/1/2024	2,405,000	-	530,000	1,875,000
251.12	FD5 2012 Refinanced Voted Go Bonds	12/1/2022	415,000	-	205,000	210,000
Total General Obligation Debt/Liabilities:			3,790,000	-	880,000	2,910,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilities		150,310	-	137,585	12,725
264.40	OPEB Liabilities		1,896,699	-	757,072	1,139,627
259.12	Compensated Absences		412,299	-	2,612	409,687
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,459,308	-	897,269	1,562,039
Total Liabilities:			6,249,308	-	1,777,269	4,472,039

**Thurston County Fire Protection District No. 9
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	FD9 2007 Non-Voted GO Bonds	12/1/2026	955,000	-	120,000	835,000
251.11	FD5 2007 Non-Voted GO Bonds	12/1/2026	155,000	-	20,000	135,000
251.12	FD9 2012 Refinanced Voted GO Bonds	12/1/2024	2,890,000	-	485,000	2,405,000
251.12	FD5 2012 Refinanced Voted GO Bonds	12/1/2022	615,000	-	200,000	415,000
Total General Obligation Debt/Liabilities:			4,615,000	-	825,000	3,790,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilities		54,723	95,587	-	150,310
259.12	Compensated Absences		298,631	113,668	-	412,299
264.40	OPEB		2,362,349	-	465,650	1,896,699
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,715,703	209,255	465,650	2,459,308
Total Liabilities:			7,330,703	209,255	1,290,650	6,249,308

**Thurston County Fire Protection District No. 9
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						
251.11	FD9 2007 Non-Voted GO Bonds	12/1/2026	1,065,000	-	110,000	955,000
251.11	FD5 2007 Non-Voted GO Bonds	12/1/2026	175,000	-	20,000	155,000
251.12	FD9 2012 Refinanced Voted GO Bonds	12/1/2024	3,335,000	-	445,000	2,890,000
251.12	FD5 2012 Refinanced Voted GO Bonds	12/1/2022	810,000	-	195,000	615,000
Total General Obligation Debt/Liabilities:			5,385,000	-	770,000	4,615,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilites		72,711	-	17,988	54,723
259.12	Compensated Absences		307,020	-	8,389	298,631
264.40	OPEB		-	2,362,349	-	2,362,349
Total Revenue and Other (non G.O.) Debt/Liabilities:			379,731	2,362,349	26,377	2,715,703
Total Liabilities:			5,764,731	2,362,349	796,377	7,330,703

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. Additionally, we share regular news and other information via an email subscription service and social media channels.

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