



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

**Financial Statements and Federal Single Audit
Report**

Clark County Fire and Rescue

For the period January 1, 2014 through December 31, 2014

Published April 27, 2015

Report No. 1014104





Washington State Auditor
Troy Kelley

April 27, 2015

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Clark County Fire and Rescue's financial statements and compliance with federal laws and regulations.

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Federal Summary	4
Status Of Prior Federal Audit Findings	6
Independent Auditor’s Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	7
Independent Auditor’s Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.....	10
Independent Auditor’s Report On Financial Statements	13
Financial Section.....	17
About The State Auditor’s Office.....	34

FEDERAL SUMMARY

Clark County Fire and Rescue January 1, 2014 through December 31, 2014

The results of our audit of Clark County Fire and Rescue are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
97.083	Staffing for Adequate Fire and Emergency Response

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District did not qualify as a low-risk auditee under OMB Circular A-133.

STATUS OF PRIOR FEDERAL AUDIT FINDINGS

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Clark County Fire and Rescue. The State Auditor’s Office has reviewed the status as presented by the District.

Audit Period: 2013	Report Ref. No: 1012665	Finding Ref. No: 1	CFDA Number(s): 97.083
Federal Program Name and Granting Agency: Staffing for Adequate Fire and Emergency Response – U.S. Department of Homeland Security		Pass-Through Agency Name: City of Woodland	
Finding Caption: The District did not have adequate internal controls to ensure compliance with federal procurement and suspension and debarment requirements.			
Background: The District did not maintain documentation to demonstrate compliance with federal procurement and suspension and debarment requirements when purchasing telecommunication and video conferencing equipment and software.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <p><i>The District has updated the purchasing guidelines to specifically include a section on Federal grant procurements. Grant administrators shall be provided with a copy of the applicable circulars and all grant procurements are to be reviewed by the Finance Manager prior to issuing a purchase order or actually making the purchase where a purchase order is not required by District policy.</i></p> <p><i>Copies of all supporting documents shall be maintained with the grant file and kept in an electronic format where feasible as additional backup.</i></p> <p><i>All impacted staff members have been apprised of the updated procedures. Review of these procedures will be included as a part of new employee orientation where applicable. Procedures will be reviewed on an annual basis. Grant administrators will be provided with opportunities to attend new or refresher grant management training.</i></p> <p><i>We feel that our enhanced procedures should preclude a repeat of our lapse in documentation.</i></p>			

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clark County Fire and Rescue January 1, 2014 through December 31, 2014

Board of Commissioners
Clark County Fire and Rescue
Ridgefield, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Clark County Fire and Rescue, Clark County, Washington, for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

Other Matters

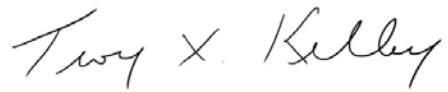
Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also 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 April 9, 2015 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

April 9, 2015

FINANCIAL SECTION

Clark County Fire and Rescue January 1, 2014 through December 31, 2014

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Expenditures of Federal Awards – 2014
Notes to the Schedule of Expenditures of Federal Awards – 2014

Clark County Fire and Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		Total for All Funds (Memo Only)	028 General Fund	126 EMS Fund	154 FFFB
Beginning Cash and Investments					
30810	Reserved	55,443	30,953	90	12,357
30880	Unreserved	1,492,505	1,492,505	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	5,071,395	4,802,594	282	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	875,960	875,572	-	-
340	Charges for Goods and Services	4,106,974	4,017,856	-	89,119
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	35,454	33,410	-	1,661
Total Operating Revenues:		10,089,784	9,729,432	282	90,780
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	9,164,438	8,998,263	-	166,175
Total Operating Expenditures:		9,164,438	8,998,263	-	166,175
Net Operating Increase (Decrease):		925,346	731,169	282	(75,395)
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	85,718	85,329	-	388
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	459,045	671	-	64,982
Total Nonoperating Revenues:		544,762	86,001	-	65,370
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	1,642	1,642	-	-
591-593	Debt Service	663,611	300	-	-
594-595	Capital Expenditures	83,428	83,428	-	-
597	Transfers-Out	459,045	458,373	371	-
Total Nonoperating Expenditures:		1,207,726	543,744	371	-
Net Increase (Decrease) in Cash and Investments:		262,383	273,427	(89)	(10,025)
Ending Cash and Investments					
50810	Reserved	13,445	-	-	2,333
50880	Unreserved	1,796,885	1,796,885	-	-

The accompanying notes are an integral part of this statement.

Clark County Fire and Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		<u>220 Bond Fund</u> - 11	<u>222 Bond Fund</u> - 12
Beginning Cash and Investments			
30810	Reserved	-	12,043
30880	Unreserved	-	-
388 & 588	Prior Period Adjustments, Net	-	-
Operating Revenues			
310	Taxes	-	268,520
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	388
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	382
Total Operating Revenues:		-	269,289
Operating Expenditures			
510	General Government	-	-
520	Public Safety	-	-
Total Operating Expenditures:		-	-
Net Operating Increase (Decrease):		-	269,289
Nonoperating Revenues			
370-380, 395 & 398	Other Financing Sources	-	-
391-393	Debt Proceeds	-	-
397	Transfers-In	366,733	26,659
Total Nonoperating Revenues:		366,733	26,659
Nonoperating Expenditures			
580, 596 & 599	Other Financing Uses	-	-
591-593	Debt Service	366,733	296,579
594-595	Capital Expenditures	-	-
597	Transfers-Out	-	300
Total Nonoperating Expenditures:		366,733	296,879
Net Increase (Decrease) in Cash and Investments:		-	(931)
Ending Cash and Investments			
50810	Reserved	-	11,112
50880	Unreserved	-	-

The accompanying notes are an integral part of this statement.

CLARK COUNTY FIRE AND RESCUE
January 1, 2014 through December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a special purpose government providing fire protection and emergency medical response services to the general public and is supported primarily through property taxes. Clark County Fire & Rescue was incorporated in 1961 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

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District'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. The following fund types are used by the District:

General Fund - 028

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

Special Revenue Funds – EMS Fund 126 & FFFB Fund 154

These funds account for proceeds of specific revenue sources (other than for major capital projects) that are contractually or legally restricted to expenditures for specific purposes.

Debt Service Funds – 220 & 222

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

b. Basis of Accounting

Clark County Fire & Rescue reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the *Cash Basis Budgeting Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is an *other comprehensive basis of accounting* (OCBOA) that is prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

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

c. Budgets

The District adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general fund, where the 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/Dept	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund 028			
Administration	\$ 879,650	\$ 823,346	\$ 56,304
Operations	\$ 6,314,700	\$ 7,008,603	\$ (693,903)
EMS Program	\$ 13,600	\$ 8,057	\$ 5,543
Prevention	\$ 154,900	\$ 157,125	\$ (2,225)
Training - External	\$ 284,100	\$ 254,231	\$ 29,869
Training - Internal	\$ 337,000	\$ 278,548	\$ 58,452
Contract Education	\$ 15,000	\$ 14,093	\$ 907
Facilities	\$ 414,450	\$ 454,260	\$ (39,810)
Debt Service	\$ 1,200	\$ 300	\$ 900
Capital Expense	\$ 30,000	\$ 83,428	\$ (53,428)
Payroll Clearing	\$ -	\$ -	\$ -
Interfund Transfers	\$ 459,600	\$ 458,373	\$ 1,227
Total General Fund	\$ 8,904,200	\$ 9,540,364	\$ *(636,164)
EMS Fund 126	\$ -	\$ 371	\$ (371)
FFFB Fund 154	\$ 172,450	\$ 166,175	\$ 6,275
Debt Service Fund 220	\$ 366,750	\$ 366,733	\$ 17

