



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Island County Fire Protection District No. 5**

**(Central Whidbey Island Fire and Rescue)**

**For the period January 1, 2019 through December 31, 2020**

*Published February 17, 2022*

Report No. 1029933



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

February 17, 2022

Board of Commissioners  
Central Whidbey Island Fire and Rescue  
Coupeville, Washington

**Report on Financial Statements**

Please find attached our report on Central Whidbey Island Fire and Rescue's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Central Whidbey Island Fire and Rescue January 1, 2019 through December 31, 2020**

Board of Commissioners  
Central Whidbey Island Fire and Rescue  
Coupeville, 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 Central Whidbey Island Fire and Rescue, as of and for the years ended December 31, 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 February 10, 2022.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 4 to the 2020 and 2019 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

February 10, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Central Whidbey Island Fire and Rescue January 1, 2019 through December 31, 2020**

Board of Commissioners  
Central Whidbey Island Fire and Rescue  
Coupeville, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Central Whidbey Island Fire and Rescue, for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of Central Whidbey Island Fire and Rescue, and its changes in cash and investments, for the years ended December 31, 2020 and 2019, on the basis of accounting described in Note 1.

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

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

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

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Central Whidbey Island Fire and Rescue, as of December 31, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.



## **Matters of Emphasis**

As discussed in Note 4 to the 2020 and 2019 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

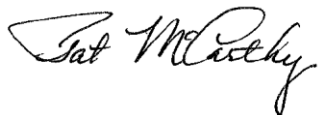
## **Other Matters**

### ***Supplementary and Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 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.



Pat McCarthy, State Auditor

Olympia, WA

February 10, 2022

## **FINANCIAL SECTION**

### **Central Whidbey Island Fire and Rescue January 1, 2019 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020

Fund Resources and Uses Arising from Cash Transactions – 2019

Notes to the Financial Statements – 2020

Notes to the Financial Statements – 2019

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

Schedule of Liabilities – 2020

Schedule of Liabilities – 2019

**Island County Fire Protection District No. 5**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>210 2017 Capital Bond Fund</b>	<b>211 Bond Redemption Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	12,624,307	3,295,113	7,504,114	2,343
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	2,807,493	2,402,575	404,918	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	7,119	7,119	-	-
340	Charges for Goods and Services	447,523	447,523	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	213,427	116,815	80,724	-
Total Revenues:		3,475,562	2,974,032	485,642	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	2,330,476	2,330,462	-	-
Total Expenditures:		2,330,476	2,330,462	-	-
Excess (Deficiency) Revenues over Expenditures:		1,145,086	643,570	485,642	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	720,781	-	-	510,450
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		720,781	-	-	510,450
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	312,254	-	52,373	-
591-593, 599	Debt Service	385,300	-	-	385,300
597	Transfers-Out	720,781	210,331	510,450	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	490	490	-	-
Total Other Decreases in Fund Resources:		1,418,825	210,821	562,823	385,300
<b>Increase (Decrease) in Cash and Investments:</b>		<b>447,042</b>	<b>432,749</b>	<b>(77,181)</b>	<b>125,150</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	7,554,427	-	7,426,934	127,493
50851	Assigned	-	-	-	-
50891	Unassigned	5,516,929	3,727,868	-	-
<b>Total Ending Cash and Investments</b>		<b>13,071,356</b>	<b>3,727,868</b>	<b>7,426,934</b>	<b>127,493</b>

**Island County Fire Protection District No. 5**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<u>310 General Capital Projects</u>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	1,822,737
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	15,888
Total Revenues:		15,888
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	14
Total Expenditures:		14
Excess (Deficiency) Revenues over Expenditures:		15,874
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	210,331
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		210,331
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	259,881
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		259,881
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(33,676)</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	1,789,061
<b>Total Ending Cash and Investments</b>		<b>1,789,061</b>

**Island County Fire Protection District No. 5**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2019**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>210 2017 Capital Bond Fund</b>	<b>211 Bond Redmption Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	12,368,320	3,134,289	7,457,820	2,343
388 / 588	Net Adjustments	-	(6,313)	-	-
<b>Revenues</b>					
310	Taxes	2,743,427	2,335,038	408,389	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	7,642	7,642	-	-
340	Charges for Goods and Services	109,250	109,250	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	257,709	82,238	142,270	-
Total Revenues:		3,118,028	2,534,168	550,659	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	2,167,586	2,167,586	-	-
Total Expenditures:		2,167,586	2,167,586	-	-
Excess (Deficiency) Revenues over Expenditures:		950,442	366,582	550,659	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	577,819	-	-	372,700
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	10,107	10,107	-	-
Total Other Increases in Fund Resources:		587,926	10,107	-	372,700
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	327,429	-	131,665	-
591-593, 599	Debt Service	372,700	-	-	372,700
597	Transfers-Out	577,819	205,119	372,700	-
585	Special or Extraordinary Items	9,000	9,000	-	-
586 / 589	Custodial Activities	(4,569)	(4,569)	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,282,379	209,550	504,365	372,700
<b>Increase (Decrease) in Cash and Investments:</b>		<b>255,989</b>	<b>167,139</b>	<b>46,294</b>	<b>-</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	12,624,307	3,295,113	7,504,114	2,343
<b>Total Ending Cash and Investments</b>		<b>12,624,307</b>	<b>3,295,113</b>	<b>7,504,114</b>	<b>2,343</b>

**Island County Fire Protection District No. 5**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2019**

		<b>310 General Capital Projects</b>
<b>Beginning Cash and Investments</b>		
30810	Reserved	-
30880	Unreserved	1,773,868
388 / 588	Net Adjustments	6,313
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	33,201
Total Revenues:		33,201
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		33,201
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	205,119
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		205,119
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	195,764
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:		195,764
<b>Increase (Decrease) in Cash and Investments:</b>		<b>42,556</b>
<b>Ending Cash and Investments</b>		
5081000	Reserved	-
5088000	Unreserved	1,822,737
<b>Total Ending Cash and Investments</b>		<b>1,822,737</b>

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

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

The Central Whidbey Island Fire & Rescue was incorporated in 1952 and operates under the laws of the state of Washington applicable to a fire district. This is a special purpose local government and provides fire protection, public education, fire suppression, emergency medical services, hazardous materials response, and technical rescue service within the District's boundaries.

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

- 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 note 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 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.

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

District policy states the executive staff which includes the Fire Chief, Deputy Chief and the Finance Officer will be provided Paid Time Off (PTO) to provide for holidays, vacation, and in the event of illness or off-the job-injury. Executive staff shall accrue PTO monthly based on their length of service with the District. The Board of Commissioners may choose to place a member of the Executive Staff at an accrual rate higher than their actual length of service. Payments are recognized as expenditures when paid.



**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

Length of Service	Monthly Accrual (Hours)	Annual Accrual (Hours)	Maximum Carryover (Hours)
< 5 Years	25.33	304	280
5-10 Years	28.66	344	280
>10 Years	32.00	384	280

Up to 280 hours of accrued PTO can be carried over from one year to the next. Hours in excess of the Maximum Carryover on December 31 will be transferred to Long Term Sick Leave. In addition, Executive may elect to transfer accrued hours from PTO to Long Term Sick Leave between November 30<sup>th</sup> and December 31<sup>st</sup>.

Upon separation or retirement from the District, Executive Staff will be paid for all unused PTO. Payments are recognized as expenditures when paid.

**Long Term Sick Leave:** Long Term Sick Leave was established to provide paid time off benefits for Executive Staff in the event of a long-term illness or off-the-job injury.

If an Executive Staff member is sick, they will use PTO until such time as they have expended 140 hours of PTO (single illness or injury) or their PTO balance reaches 40 hours (whichever comes first). When this threshold is reached, paid leave for this illness or injury will be charged against the members Long Term Sick Leave Accrual.

Executive Staff member may donate unlimited accrued sick leave to any other Executive Staff member that meets the following criteria:

- No demonstrated sick leave abuse during the previous twelve (12) months.
- Member suffering from a serious illness, injury, or medical condition certified by the employee's treating physician that prevents regular assigned duties.
- The employee's condition has exhausted his or her PTO and Long-Term Sick Leave.

Upon separation or retirement from the District, Executive Staff will be paid for up to 240 hours of accrued Long-Term Sick Leave. Payments are recognized as expenditures when paid.

**Union Employees:** Vacation monthly and maximum accrual in hours is based on employee's normal work schedule as follows:

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

Work Schedule	<1 Year	2 Years	3 Years	4 Years	>5 Years	Maximum Accrual
24-Hour	10.00	14.00	20.00	24.00	25.92	720
12-Hour Shift	7.92	11.08	15.83	19.90	21.03	597
10.5 Hour Shift	7.92	11.08	15.83	19.90	21.03	597
8.4 Hour Shift	7.92	11.08	15.83	19.90	21.03	597

Upon separation or retirement from the department, the employee is compensated for any unused vacation time at their basic hourly rate of pay. Payments are recognized as expenditures when paid.

Sick Leave monthly and maximum accrual in hours is based on employee's normal work schedule as follows:

Work Schedule	Monthly Accrual	Primary Bank Maximum Accrual	Secondary Bank Maximum Accrual
24-Hour Shift	24.00 Hours	1200 Hours	1000 Hours
12-Hour Shift	19.90 Hours	995 Hours	829 Hours
10.5 Hour Shift	19.90 Hours	995 Hours	829 Hours
8.4 Hour Shift	19.90 Hours	995 Hours	829 Hours

New employees are provided an advance of two times the monthly accrual rate for their normal shift schedule.

Employees shall accrue sick leave in their primary bank until they reach their bank maximum and then accrue in their secondary sick leave bank. The secondary sick leave bank provides an extended period of salary protection in the event of a serious injury or long-term illness. The secondary sick leave bank may only be used after the primary sick leave bank has been exhausted and prior to the donation of leave by other employees. Total unused accrual values as of December 31, 2020 as follows:

Leave Category	Total Accrual Value
Vacation	\$107,213.82
Paid Time Off (PTO)	\$62,923.14
Long Term Sick (LTS)	\$98,288.29
Comp Time	\$0.00
Total Liability	\$268,425.25

**F. Long-Term Debt**

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

See Note 4 – Long Term Debt.

**Note 2 – Budget Compliance**

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund 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 Amounts	Actual Expenses	Variance
001 - General Fund	\$2,974,033.12	\$2,541,278.02	\$432,755.10
210 - 2017 Capital Bond Fund	\$6,237,693.00	\$562,822.85	\$5,674,870.15
211 - Bond Redemption Fund	\$510,450.00	\$385,300.00	\$125,150.00
310 – General Capital Projects	\$226,219.04	\$259,895.61	(\$33,676.57)

Budgeted amounts are authorized to be transferred between divisions within any fund/object classes; 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.

**Note 3 – Deposits and Investments**

Investments are reported at original cost. Investments by type at December 31, 2020 are as follows:

Type of Deposit or Investment	District Deposits & Investments	Deposits & Investments Held by the County as an Agent for the District	Total
General Fund		\$958,904.64	\$958,904.64
General Fund Investments		\$2,707,262.00	\$2,707,262.00
Long Term Sick Invest		\$63,376.00	\$63,376.00
Long Term Sick		\$8,835.90	\$8,835.90
Capital		\$39,049.55	\$39,049.55
Capital Investment		\$1,738,450.00	\$1,738,450.00
2017 Capital Bond Fund		\$167,281.76	\$167,281.76
2017 Capital Bond Invest		\$7,383,850.00	\$7,383,850.00
Bond Redemption Fund		\$2,343.41	\$2,343.41
DHS Grant		\$2.08	\$2.08
Advance Travel	\$1,500.00		\$1,500.00

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

Petty Cash	\$500.00		\$500.00
Totals	\$2,000.00	\$13,069,355.24	\$13,071,355.24

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**Note 4 – Long Term Debt**

**Debt Service**

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, 2020.

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

Year	Principal	Interest	Total
2021	\$155,000.00	\$246,250.00	\$401,250.00
2022	\$170,000.00	\$241,600.00	\$411,600.00
2023	\$190,000.00	\$236,500.00	\$426,500.00
2024	\$210,000.00	\$230,800.00	\$440,800.00
2025	\$235,000.00	\$222,400.00	\$457,400.00
2026-2030	\$1,590,000.00	\$949,600.00	\$2,539,600.00
2031-2035	\$2,455,000.00	\$565,600.00	\$3,020,600.00
2036-2037	\$1,280,000.00	\$77,800.00	\$1,357,800.00
Totals	\$6,285,000.00	\$2,770,550.00	\$9,055,550.00

**Investments in (County Investment Pool)**

The district is a voluntary participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather; oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at fair value, which is the same as the value of the pool per share. (The LGIP does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates).

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city 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 city'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 county or its agent in the government's name.

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

COVID-19 Pandemic

In February 2020, the Governor of the state of Washington emergency in response to the spread of COVID-19. Precautionary measures to spread the virus continued throughout 2021. The measures included limitation on business operations, public events, gatherings, travel, and in-person interactions.

The District proactively implemented safety measures, and operations have continued with some of the administrative staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To Date, the District has not experienced any direct financial impacts due to the pandemic.

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

**Note 5 – Pension Plans**

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 Public Employees' Retirement System (PERS) and Law Officers and Firefighters Retirement System (LEOFF).

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

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

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

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](http://www.ofm.wa.gov).

The district also participates in the Volunteer Fire Fighters' and Reserve Officers Relief and Pension Fund (VFFRPF) administered by the State Board of 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](http://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 09, was as follows:

Plan Type	Employer Contributions	Plan Liability/Asset	Allocation Percentage	NPL	NPA
PERS 1		\$3,530,540,000			
PERS 1 UAAL	\$10,667	\$3,530,540,000	0.0014720%	\$51,970.00	
PERS 2/3	\$17,590	\$1,278,943,000	0.001909%	\$24,415.00	
PSERS 2		531,964.00			
LEOFF 1		2,408,786.00			
LEOFF 2	\$59,454.43	(\$2,039,854,000.00)	0.030393%		(\$619,973)
VFFRPF	\$270	(\$35,240,000.00)	0.14%		(\$48,982.24)
Totals				\$76,385.00	(\$668,955.24)

**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 6 - 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.

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

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 2020 was \$1.1285711414 per \$1,000 on an assessed valuation of \$2,245,148,183 for a total regular levy of \$2,405,683.83.

The district's bond levy for the year 2020 was \$0.1935433313 per \$1,000 on an assessed valuation of \$2,245,148,183 for a total regular levy of \$406,807.00.

**Note 7 – Risk Management**

The district self-insurers for unemployment compensation. We received zero claims in 2020.

**Note 8 – Other Disclosures**

**A. Inter-Local Agreements**

- Camano Island Fire & Rescue Joint State Mobilization
- Camano Island Fire & Rescue Joint EMAC Mobilization
- Island County Public Hospital District (dba WhidbeyHealth) to provide BLS transports
- Island County Public Hospital District (dba WhidbeyHealth) to split utility costs for a shared building
- ICOM for cell tower land use
- Island County for fire inspections
- Town of Coupeville for fire inspections

**B. CWIFR Mutual Aid Agreements**

- East Fire & Rescue to increase the effectiveness and efficiency of emergency response by CWIFR and East Jefferson Fire Rescue
- Commander Navy Region Northwest Fire & Emergency to augment fire protection, technical rescue, and basic and advanced medical and life support services
- Department of Natural Resources to provide mutual assistance in the control and suppression of forestland fires
- The City of Oak Harbor, City of Coupeville, City of Langley, Island County, Island County Sheriff, Fire Districts Camano Island Fire & Rescue, North Whidbey Fire & Rescue, South Whidbey Fire/EMS and WhidbeyHealth Hospital to increase the effectiveness and efficiency of emergency responses.



**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

C. Automatic Aid Agreements

- Camano Island Fire & Rescue - to increase the effectiveness and efficiency of emergency response by CWIFR and Camano Island Fire & Rescue within their respective districts.
- North Whidbey Fire & Rescue - to increase the effectiveness and efficiency of emergency response by CWIFR and North Whidbey Fire & Rescue within their respective districts.
- South Whidbey Fire & Rescue – to increase the effectiveness and efficiency of emergency response by CWIFR and South Whidbey Fire & Rescue within their respective districts.

D. Miscellaneous Contracts

- Day Road Water Association
- Carletti Architects for the renovation and expansion of Station 53
- NEXTEL for cell tower land use

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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

The Central Whidbey Island Fire & Rescue was incorporated in 1952 and operates under the laws of the state of Washington applicable to a fire district. This is a special purpose local government and provides fire protection, public education, fire suppression, emergency medical services, hazardous materials response, and technical rescue service within the District's boundaries.

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

- 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 note 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 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.

**Island County Fire Protection District No. 5**  
**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. In accordance with state law the district also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

District policy states the executive staff which includes the Fire Chief, Deputy Chief and the Finance Officer will be provided Paid Time Off (PTO) to provide for holidays, vacation, and in the event of illness or off-the job-injury. Executive staff shall accrue PTO monthly based on their length of service with the District. The Board of Commissioners may choose to place a member of the Executive Staff at an accrual rate higher than their actual length of service. Payments are recognized as expenditures when paid.

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

Length of Service	Monthly Accrual (Hours)	Annual Accrual (Hours)	Maximum Carryover (Hours)
< 5 Years	25.33	304	280
5-10 Years	28.66	344	280
>10 Years	32.00	384	280

Up to 280 hours of accrued PTO can be carried over from one year to the next. Hours in excess of the Maximum Carryover on December 31 will be transferred to Long Term Sick Leave. In addition, Executive may elect to transfer accrued hours from PTO to Long Term Sick Leave between November 30<sup>th</sup> and December 31<sup>st</sup>.

Upon separation or retirement from the District, Executive Staff will be paid for all unused PTO. Payments are recognized as expenditures when paid.

**Long Term Sick Leave:** Long Term Sick Leave was established to provide paid time off benefits for Executive Staff in the event of a long-term illness or off-the-job injury.

If an Executive Staff member is sick, they will use PTO until such time as they have expended 140 hours of PTO (single illness or injury) or their PTO balance reaches 40 hours (whichever comes first). When this threshold is reached, paid leave for this illness or injury will be charged against the members Long Term Sick Leave Accrual.

Executive Staff member may donate unlimited accrued sick leave to any other Executive Staff member that meets the following criteria:

- No demonstrated sick leave abuse during the previous twelve (12) months.
- Member suffering from a serious illness, injury, or medical condition certified by the employee's treating physician that prevents regular assigned duties.
- The employee's condition has exhausted his or her PTO and Long-Term Sick Leave.

Upon separation or retirement from the District, Executive Staff will be paid for up to 240 hours of accrued Long-Term Sick Leave. Payments are recognized as expenditures when paid.

**Union Employees:** Vacation monthly and maximum accrual in hours is based on employee's normal work schedule as follows:

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

Work Schedule	<1 Year	2 Years	3 Years	4 Years	>5 Years	Maximum Accrual
24-Hour	10.00	14.00	20.00	24.00	25.92	720
12-Hour Shift	7.92	11.08	15.83	19.90	21.03	597
10.5 Hour Shift	7.92	11.08	15.83	19.90	21.03	597
8.4 Hour Shift	7.92	11.08	15.83	19.90	21.03	597

Upon separation or retirement from the department, the employee is compensated for any unused vacation time at their basic hourly rate of pay. Payments are recognized as expenditures when paid.

Sick Leave monthly and maximum accrual in hours is based on employee's normal work schedule as follows:

Work Schedule	Monthly Accrual	Primary Bank Maximum Accrual	Secondary Bank Maximum Accrual
24-Hour Shift	24.00 Hours	1200 Hours	1000 Hours
12-Hour Shift	19.90 Hours	995 Hours	829 Hours
10.5 Hour Shift	19.90 Hours	995 Hours	829 Hours
8.4 Hour Shift	19.90 Hours	995 Hours	829 Hours

New employees are provided an advance of two times the monthly accrual rate for their normal shift schedule.

Employees shall accrue sick leave in their primary bank until they reach their bank maximum and then accrue in their secondary sick leave bank. The secondary sick leave bank provides an extended period of salary protection in the event of a serious injury or long-term illness. The secondary sick leave bank may only be used after the primary sick leave bank has been exhausted and prior to the donation of leave by other employees. Total unused accrual values as of December 31, 2018 as follows:

Leave Category	Total Accrual Value
Vacation	\$72,063.61
Paid Time Off (PTO)	\$42,691.83
Long Term Sick (LTS)	\$25,214.07
Comp Time	\$0.00
Total Liability	\$139,969.51

**F. Long-Term Debt**

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

See Note 4 - Debt Service Requirements.

**Note 2 – Budget Compliance**

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund 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 Amounts	Actual Expenses	Variance
001 - General Fund	\$2,611,107.30	\$2,377,136.85	\$233,970.45
210 - 2017 Capital Bond Fund	\$6,237,693.00	\$562,822.85	\$5,674,870.15
211 - Bond Redemption Fund	\$385,300.00	\$385,300.00	\$0.00
310 – General Capital Projects	\$689,758.00	\$259,895.61	\$429,862.39

Budgeted amounts are authorized to be transferred between divisions within any fund/object classes; 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.

**Note 3 – Deposits and Investments**

Investments are reported at original cost. Investments by type at December 31, 2019 are as follows:

Type of Deposit or Investment	District Deposits & Investments	Deposits & Investments Held by the County as an Agent for the District	Total
General Fund		\$1,141,057.98	\$1,141,058.00
General Fund Investments		\$2,125,000.00	\$2,125,000.00
Long Term Sick Invest		\$35,360.00	\$35,360.00
Long Term Sick		\$8,421.57	\$8,422.00
Capital		\$281,804.46	\$281,804.00
Capital Investment		\$1,528,119.00	\$1,528,119.00
2017 Capital Bond Fund		466,199.27	466,199.00
2017 Capital Bond Invest		\$7,034,000.00	\$7,034,000.00
Bond Redemption Fund		\$2,343.31	\$2,343.00
DHS Grant		\$2.08	\$2.08
Advance Travel	\$1,500.00		\$1,500.00

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

Petty Cash	\$500.00		\$500.00
Totals	\$2,000.00	\$12,622,307.67	\$12,624,308

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

**Note 4 – Debt Service Requirements**

Debt Service

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 unlimited general obligation bonds are as follows:

Year	Principal	Interest	Total
2020	\$135,000.00	\$250,300.00	\$385,300.00
2021	\$155,000.00	\$246,250.00	\$401,250.00
2022	\$170,000.00	\$241,600.00	\$411,600.00
2023	\$190,000.00	\$236,500.00	\$426,500.00
2024	\$210,000.00	\$230,800.00	\$440,800.00
2025-2029	\$1,145,000.00	\$503,700.00	\$1,948,700.00
2030-2034	\$2,265,000.00	\$328,100.00	\$2,593,100.00
2035-2037	\$1,850,000.00	\$75,900.00	\$1,925,900.00
Totals	\$6,420,000.00	\$2,113,150.00	\$8,533,150.00

Investments in (County Investment Pool)

The district is a voluntary participant in the county investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather; oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The district reports its investment in the pool at fair value, which is the same as the value of the pool per share. (The LGIP does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city 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 city'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 county or its agent in the government's name.

COVID-19 Pandemic



**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

In February 2020, the Governor of the state of Washington emergency in response to the spread of COVID-19. Precautionary measures to spread the virus continued throughout 2021. The measures included limitation on business operations, public events, gatherings, travel, and in-person interactions.

The District proactively implemented safety measures, and operations have continued with some of the administrative staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To Date, the District has not experienced any direct financial impacts due to the pandemic.

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

**Note 5 – Pension Plans**

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 Public Employees' Retirement System (PERS) and Law Officers and Firefighters Retirement System (LEOFF).

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

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

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

The district also participates in the Volunteer Fire Fighters' and Reserve Officers Relief and Pension Fund (VFFRPF) administered by the State Board of 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](http://www.ofm.wa.gov)

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

At June 30, 2019 (the measurement date of the plans), the district's 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		\$3,845,355,000.00			
PERS 1 UAAL	\$12,190.00	\$3,845,355,000.00	0.0017%	\$65,371.00	
PERS 2/3	\$17,934.00	971,340,000.00	0.002196%	\$21,331.00	
PSERS 2		(\$13,004,000.00)			
LEOFF 1		(\$1,976,611,000.00)			
LEOFF 2	\$50455.60	(\$2,316,693,000.00)	0.027366%		(\$633,986.00)
VFFRPF	\$330.00	(\$67,993,000.00)	0.17%		(\$112,996.37)
Totals				\$86,702.00	(\$746,982.37)

**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 6 - 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.

The district's regular levy for the year 2019 was \$1.230092420 per \$1,000 on an assessed valuation of \$2,013,876,682 for a total regular levy of \$1,907,828,316.

The district's bond levy for the year 2019 was \$0.220209552 per \$1,000 on an assessed valuation of \$1,875,833,117 for a total regular levy of \$413,300.

**Island County Fire Protection District No. 5**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

**Note 7 – Risk Management**

The district self-insurers for unemployment compensation. We received one claim in 2019 for at total paid by Labor & Industries of \$29,316.04.

**Note 8 – Other Disclosures**

**A. Inter-Local Agreements**

- Island County Public Hospital District (dba WhidbeyHealth) to provide BLS transports
- Island County Public Hospital District (dba WhidbeyHealth) to split utility costs for a shared building
- ICOM for cell tower land use
- Island County for fire inspections
- Town of Coupeville for fire inspections

**B. CWIFR Mutual Aid Agreements**

- East Fire & Rescue to increase the effectiveness and efficiency of emergency response by CWIFR and East Jefferson Fire Rescue
- Commander Navy Region Northwest Fire & Emergency to augment fire protection, technical rescue, and basic and advanced medical and life support services
- Department of Natural Resources to provide mutual assistance in the control and suppression of forestland fires
- The City of Oak Harbor, City of Coupeville, City of Langley, Island County, Island County Sheriff, Fire Districts Camano Island Fire & Rescue, North Whidbey Fire & Rescue, South Whidbey Fire/EMS and WhidbeyHealth Hospital to increase the effectiveness and efficiency of emergency responses.

**C. Automatic Aid Agreements**

- Camano Island Fire & Rescue - to increase the effectiveness and efficiency of emergency response by CWIFR and Camano Island Fire & Rescue within their respective districts.
- North Whidbey Fire & Rescue - to increase the effectiveness and efficiency of emergency response by CWIFR and North Whidbey Fire & Rescue within their respective districts.

**D. Miscellaneous Contracts**

- Day Road Water Association
- Carletti Architects for the renovation and expansion of Station 53
- NEXTEL for cell tower land use

**Island County Fire Protection District No. 5**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2020**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.12	UTGO Bond	12/31/2037	6,420,000	-	125,150	6,294,850
	<b>Total General Obligation Debt/Liabilities:</b>		<b>6,420,000</b>	<b>-</b>	<b>125,150</b>	<b>6,294,850</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		139,970	128,455	-	268,425
264.30	Pension Liabilities		86,702	-	10,317	76,385
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>226,672</b>	<b>128,455</b>	<b>10,317</b>	<b>344,810</b>
	<b>Total Liabilities:</b>		<b>6,646,672</b>	<b>128,455</b>	<b>135,467</b>	<b>6,639,660</b>

**Island County Fire Protection District No. 5**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2019**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>General Obligation Debt/Liabilities</b>						
251.12	UTGO Bond	12/31/2037	6,540,000	-	120,000	6,420,000
	<b>Total General Obligation Debt/Liabilities:</b>		<b>6,540,000</b>	<b>-</b>	<b>120,000</b>	<b>6,420,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		137,930	2,040	-	139,970
264.30	Net Pension Liabilities		104,855	-	18,153	86,702
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>242,785</b>	<b>2,040</b>	<b>18,153</b>	<b>226,672</b>
	<b>Total Liabilities:</b>		<b>6,782,785</b>	<b>2,040</b>	<b>138,153</b>	<b>6,646,672</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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