



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Grant County Fire Protection District No. 3

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

Published February 13, 2025

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

February 13, 2025

Board of Commissioners
Grant County Fire Protection District No. 3
Quincy, Washington

Report on Financial Statements

Please find attached our report on Grant County Fire Protection District No. 3'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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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*

Grant County Fire Protection District No. 3 January 1, 2023 through December 31, 2023

Board of Commissioners
Grant County Fire Protection District No. 3
Quincy, 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 Grant County Fire Protection District No. 3, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 16, 2025.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 16, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Grant County Fire Protection District No. 3 January 1, 2023 through December 31, 2023

Board of Commissioners
Grant County Fire Protection District No. 3
Quincy, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Grant County Fire Protection District No. 3, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Grant County Fire Protection District No. 3, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grant County Fire Protection District No. 3, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

January 16, 2025

FINANCIAL SECTION

Grant County Fire Protection District No. 3 January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

Grant County Fire Protection District No. 3
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>Total for All Funds (Memo Only)</u>	<u>001 General Fund</u>	<u>101 Special Fund</u>	<u>201 Bond Fund</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,608,332	1,273,532	623,157	34,636
388 / 588	Net Adjustments	429	430	-	(1)
Revenues					
310	Taxes	1,926,322	1,124,811	562,140	239,371
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	70,762	58,425	12,337	-
340	Charges for Goods and Services	798,357	670,327	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	122,850	42,931	19,776	3,288
Total Revenues:		<u>2,918,291</u>	<u>1,896,494</u>	<u>594,253</u>	<u>242,659</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	2,108,015	1,555,260	539,267	350
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>2,108,015</u>	<u>1,555,260</u>	<u>539,267</u>	<u>350</u>
Excess (Deficiency) Revenues over Expenditures:		810,276	341,234	54,986	242,309
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	400,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	410	410	-	-
Total Other Increases in Fund Resources:		<u>400,410</u>	<u>410</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	108,087	108,029	58	-
591-593, 599	Debt Service	272,602	23,052	-	249,550
597	Transfers-Out	400,000	400,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	193	193	-	-
Total Other Decreases in Fund Resources:		<u>780,882</u>	<u>531,274</u>	<u>58</u>	<u>249,550</u>
Increase (Decrease) in Cash and Investments:		<u>429,804</u>	<u>(189,630)</u>	<u>54,928</u>	<u>(7,241)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	705,477	-	678,084	27,393
50841	Committed	-	-	-	-
50851	Assigned	2,248,755	-	-	-
50891	Unassigned	1,084,327	1,084,327	-	-
Total Ending Cash and Investments		<u>4,038,559</u>	<u>1,084,327</u>	<u>678,084</u>	<u>27,393</u>

The accompanying notes are an integral part of this statement.

Grant County Fire Protection District No. 3
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	301 Construction Fund	302 Reserve Fund
Beginning Cash and Investments		
308	Beginning Cash and Investments	1,541,698
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	128,030
350	Fines and Penalties	-
360	Miscellaneous Revenues	53,190
	Total Revenues:	181,220
Expenditures		
510	General Government	-
520	Public Safety	13,138
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
	Total Expenditures:	-
	Excess (Deficiency) Revenues over Expenditures:	181,220
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	400,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
	Total Other Increases in Fund Resources:	400,000
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:	581,220
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	2,122,918
50891	Unassigned	-
	Total Ending Cash and Investments	2,122,918

The accompanying notes are an integral part of this statement.

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Note 1 - Summary of Significant Accounting Policies

Grant county Fire District # 3 was incorporated on July 7, 1942, 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 and emergency medical 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.
- 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:

Fund Types & Funds	Number Range	Have	Do Not Have	Description
General Fund	000-099	X		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	100-199	X		These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.
Debt Service Funds	200-299	X		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	300-399	X		These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

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. These funds are received from an EMS Levy.

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. These funds are received from a Bond for the construction of our Station in Quincy.

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. These funds are received from contracted fire protection Services, plan reviews and transfer from General for capital projects.

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 3 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000.00 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 300 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1040 hours in a "long term bank", and an "Annual Bank" of up to 80 hours per year. Unused hours in the annual bank will accrue to the long-term bank at the end of each year until the long-term bank is fully funded. Once the long-term bank is fully funded any hours remaining in the annual bank at the end of each year shall be bought out at

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

one quarter of the employee’s current hourly wage rate. Upon separation or retirement employees do not receive payment for unused long-term sick leave.

Comp Time may be accrued up to 24 hours per year and is payable upon separation or retirement.

Each employee will also have an accident bank established in the amount of 160 hours that is not payable upon separation or retirement.

Payments are recognized as expenditures when paid. Balance for compensation absences are as follows:

Vacation: \$47,800.04
 Comp Time: \$ 3,020.48

F. Long-Term Debt

See Note 4 – *Long-Term Debt (formerly Debt Service Requirements)*.

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 District’s Board of Commissioners. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Fund Name	Portion of Ending Balance		Reason for Restriction or Commitment
	Restricted	Combined	
BOND	\$ 27,392.85	\$ 27,392.85	BOND PAYMENT RESTRICTED BY THE BOND LEVY
EMS	\$ 678,083.76	\$ 678,083.76	EMS RESTRICTED BY EMS LEVY
Totals	705476.61	705476.61	

Restrictions and commitments of Ending Cash and Investments consist of Bond Levey and EMS Levy.

Note 2- Budget Compliance

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level.

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:

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
001 - General Fund	\$ 2,629,934.05	\$2,086,107.66	\$ 543,826.39	Staffing and Apparatus Build delayed
101 - Special Fund	\$ 706,469.16	\$ 539,326.92	\$ 167,142.24	Staff hiring delayed
201 - Bond Fund	\$ 249,950.00	\$ 249,901.10	\$ 48.90	
301 - Construction Fund	\$ 170,000.00	\$ 13,137.27	\$ 156,862.73	Construction delayed

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

Note 3 – Deposits and Investments

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

Type of Deposit or Investment	District's own deposits & investments	Combined
County Pool	\$ 4,035,510	\$ 4,035,510
Revolving Fund/Petty Cass	\$ 3,050	\$ 3,050
Totals	\$ 4,038,559.88	\$ 4,038,559.88

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

Investments in the Grant County Investment Pool

The district is a voluntary participant in the Grant 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 Grant County Investment Pool 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 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.

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Note 4 – Long-Term Debt (formerly Debt Service Requirements)

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, 2023.

The debt service requirements for general obligation bonds, revenue bonds and other debts are as follows:

Year	Principal	Interest	Total Debt Service
2024	\$ 262,500.00	\$ 7,500.00	\$ 270,000.00
Totals	\$ 262,500.00	\$ 7,500.00	\$ 270,000.00

Title for Disclosure	Details for Disclosure
Bond	Main Station Bond will be paid in full in 2024
SIP	Station 37 SIP Loan will be paid in full in 2024. The Loan is a zero percent interest Loan.

Note 5 – Other Postemployment Benefits (OPEB Plans)

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active	# of Retire	Employer Contributi	Liability
State LEOFF	Actuary	DBP	State of Washington	0	2		\$ 1,055,943.00
Total							\$ 1,055,943.00

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the district. The plan pays for 100% of eligible retirees’ healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had 2 members, all retirees. As of December 31, 2023, the district’s total OPEB liability was \$1,055,943.00, as calculated using the alternative measurement method. For the year ended December 31, 2023, the district paid \$16,856.94 in benefits.

Note 6 – Paid Family Medical Leave Act Self-Insurance

Due to the number of employees, the District is not required to participate as an employer.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

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

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

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

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

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

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

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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2023 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	\$ 1,753.89	0.00025700%	2,282,732,000	5,867	
PERS 2/3	\$ 2,921.17	0.00033200%	\$ (4,098,683,000)		(13,608)
LEOFF 1		0.00465500%	(2,968,024,000)		(138,162)
LEOFF 2	\$ 31,262.48	0.01385000%	(2,398,598,000)		(332,206)
VFFRPF	\$ 1,440.00	0.830000%	(19,931,000)		(164,804)
Totals				\$ 5,867	\$ (648,779)

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.

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

B. Defined Contribution Pension Plans

Nationwide Retirement Solutions, self-administrated. Per IAFF contract, the District matches up to \$150.00 per month, per member. MERP, self-administered. Per IAFF contract the District contributes \$75.00 per month, per member.

DRS deferred comp, self-administrated. The District matches up to \$150.00 per month, per non bargaining employees. Additionally, the District contributes \$75.00 per month, per non bargaining employees into the DRS deferred comp plan.

Nationwide Retirement Solution, we contributed \$5,400.00

MERP, we contributed \$5,175.00

DRS deferred comp, we contributed \$9,900.00

Note 8 - Property Tax

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

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

The district’s regular levy for the year 2023 was \$0.6505067435 per \$1,000 on an assessed valuation of \$1,717,227,517.00 for a total regular levy of \$1,117,068. Total collection for 2023 was \$1,097,267.00 for 98.23%.

The district’s EMS levy for the year 2023 was \$0.3251478877 per \$1,000 on an assessed valuation of \$1,717,227,517.00 for a total regular levy of \$558,353.00. Total collection for 2023 was \$548,455.62 for 98.23%.

The district’s Bond levy for the year 2023 was \$0.0410269473 per \$1,000 on an assessed valuation of \$5,849,813,739.00 for a total regular levy of \$240,000. Total collection for 2023 was \$238,156.36 for 99.23%.

Levy Type	Per \$1000	Assessed Valuation	Amount
Fire	0.6505067435	\$ 1,717,227,517.00	\$ 1,117,068.08
EMS	0.3251478877	\$ 1,717,227,517.00	\$ 558,352.90
Bond	0.0410269473	\$ 5,849,813,739.00	\$ 240,000.00

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Note 9 – Risk Management

Type of Risk	Not		Or Name of Insurer
	Self -insured	Applicable	
Property & Liability	N		ENDURIS
Health & Welfare	N		WFCA TRUESTEE PLAN
Unemployment Compensation (ESD)	Y		Reimbursable ESD
Workers Compensation (L&I)	N		Dept. of L and I
Family Leave		NA	

Grant County FPD #3 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 contract for risk management, claims, and administrative services. The Pool was formed on 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, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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 policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery 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 apply 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 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:				
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	None	\$1,000 - \$100,000

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾
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- (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. By meeting established guidelines, the co-pay may be waived.

Grant County Fire District #3
Notes to the Financial Statements
For the year ended December 31, 2023

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Property ⁽²⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
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% of indemnity, subject to a \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage ⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$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 \$40 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (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 a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according 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 \$1 billion 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 are scheduled, 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 sub-limit 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 detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy up" the level of coverage from \$5,000 to \$2 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/member's 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) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims do not have a deductible. There is a \$25,000 limit per member.

Grant County Fire District # 3
Notes to the Financial Statements
For the year ended December 31, 2023

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 above 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. They must give notice 60 days before renewal 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 contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising 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.

**Grant County Fire Protection District No. 3
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Main Station Bond	12/31/2024	485,000	-	235,000	250,000
263.85	SIP Loan	12/31/2024	25,000	-	12,500	12,500
Total General Obligation Debt/Liabilities:			510,000	-	247,500	262,500
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liab		8,297	-	2,430	5,867
264.40	LEOFF 1 OPEB		1,004,211	51,732	-	1,055,943
259.12	Leave		42,560	8,260	-	50,820
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,055,068	59,992	2,430	1,112,630
Total Liabilities:			1,565,068	59,992	249,930	1,375,130

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