



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clark Regional Emergency Services Agency

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

Published November 21, 2024

Report No. 1035975



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

November 21, 2024

Board of Directors
Clark Regional Emergency Services Agency
Vancouver, Washington

Report on Financial Statements

Please find attached our report on the Clark Regional Emergency Services Agency's financial statements.

We are issuing this report in order to provide information on the Agency'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*

Clark Regional Emergency Services Agency January 1, 2023 through December 31, 2023

Board of Directors
Clark Regional Emergency Services Agency
Vancouver, 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 the Clark Regional Emergency Services Agency, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 13, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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.

We noted certain other matters that we have reported to the management of the Agency in a separate letter dated November 13, 2024.

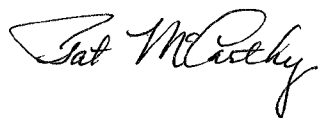
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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 Agency'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.

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Pat McCarthy, State Auditor

Olympia, WA

November 13, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clark Regional Emergency Services Agency January 1, 2023 through December 31, 2023

Board of Directors
Clark Regional Emergency Services Agency
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Clark Regional Emergency Services Agency, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Clark Regional Emergency Services Agency, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Agency 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Agency'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 Agency'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 Agency's ability to continue as a going concern for a reasonable period of time; and
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the Agency'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 the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

November 13, 2024

FINANCIAL SECTION

Clark Regional Emergency Services Agency January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023

Statement of Revenues, Expenses and Changes in Fund Net Position – 2023

Statement of Cash Flows – 2023

Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability (Asset) – PERS 1, PERS
2/3 – 2023

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2023

Notes to Required Supplemental Information – Pensions – 2023

CLARK REGIONAL EMERGENCY SERVICES AGENCY

Management's Discussion and Analysis

December 31, 2023

The Clark Regional Emergency Services Agency's discussion and analysis is a narrative overview of the Agency's financial activities for the year ended December 31, 2023. The information presented here should be read in conjunction with the financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- At the end of December 31, 2023, the total net position of the Clark Regional Emergency Services Agency (CRESA) exceeded its liabilities by \$17,933,964. Of this amount, \$4,274,468 may be used to meet the agency's ongoing obligations to citizens and creditors.
- The CRESA's total net position declined by \$1,790,518 driven by an excess of general operating expenses over revenues.
- As of December 31, 2023, CRESA reported \$2,981,921 restricted net position associated with the pension asset and related deferred inflows and outflows recorded for PERS plans 2 and 3.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction and overview to the Clark Regional Emergency Services Agency's (the Agency's) basic financial statements. This information will assist users in interpreting the basic financial statements. We will also provide other financial discussion and analysis of certain plans, projects, and trends necessary for understanding the full context of the financial condition of the Agency.

Basic Financial Statements

The basic financial statements comprise two components: 1) enterprise fund financial statements, and 2) notes to the financial statements. The Agency is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Enterprise Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clark Regional Emergency Services Agency, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. The Agency's funds are reported as a single enterprise fund. The financial statements consist of a statement of net position, statement of revenues, expenses and changes in fund net position, and a statement of cash flows.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the financial statements.

FINANCIAL ANALYSIS

Statement of Net Position

The Agency's total net position was \$17,933,964 at December 31, 2023. Of this amount, \$2,981,921 is restricted for pensions and \$4,274,468 is unrestricted and available to meet the ongoing needs of the government.

Our analysis below focuses on the net position and the change in net position of the special purpose government as a whole.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

Management's Discussion and Analysis

December 31, 2023

NET POSITION

December 31, 2023 and 2022

	2023	2022	Change	%
Assets:				
Current and other assets	\$ 11,181,262	\$ 11,526,576	\$ (345,314)	-3%
Capital assets, net	14,295,705	14,830,005	(534,300)	-4%
Total Assets	<u>25,476,967</u>	<u>26,356,581</u>	<u>(879,614)</u>	<u>-3%</u>
 Deferred outflow of resources	2,117,579	2,560,700	(443,121)	-17%
Liabilities:				
Current and other liabilities	2,230,256	2,213,418	16,838	1%
Noncurrent liabilities	5,972,671	4,940,388	1,032,283	21%
Total Liabilities	<u>8,202,927</u>	<u>7,153,806</u>	<u>1,049,121</u>	<u>15%</u>
 Deferred inflows of resources	1,457,655	2,038,993	(581,338)	-29%
Net Position:				
Net investment in capital assets	10,677,575	12,220,732	(1,543,157)	-13%
Restricted for pensions	2,981,921	2,499,656	482,265	19%
Unrestricted	4,274,468	5,004,094	(729,626)	-15%
Total Net Position	<u>\$ 17,933,964</u>	<u>\$ 19,724,482</u>	<u>\$ (1,790,518)</u>	<u>-9%</u>

The largest component of "current and other assets" historically is made up of cash, cash equivalents and pooled investments, which represents 66% and 75%, respectively, in 2023 and 2022. The decrease in current and other assets is primarily driven by a \$1,217,550 or 14% decrease in cash and cash equivalents as a result of excess general operating expenses over revenues, offset by the increase of the pension asset by 20% or \$384,798, as well as an increase of 66% or \$442,014 in prepaid assets.

Capital assets realized a minor change in 2023 with a net decrease of \$534,300, or 4%. Changes to capital assets throughout 2023 include the additions of a right to use asset, as well as equipment, offset by completion of work in progress projects and routine depreciation and amortization costs.

Noncurrent liabilities increased 21%, or \$1,032,283 in 2023 from 2022. This increase is primarily related to the implementation of GASB 96, resulting in a \$1,313,753 addition of SBITA liability. This is offset by a \$304,896 decrease in lease liability due to the disposal of one lease and regular payments made on the other leases.

Deferred inflows and outflows of resources decreased because of the decreases in the deferred inflows and outflows related to Net Pension Assets.

Net investment in capital assets as a percent of total net position was 60% in 2023 and 62% in 2022. At the end of fiscal year 2023, the investment in capital assets decreased \$1,543,157, or 13% based on the 2023 capital asset activity. This decrease is due to the asset activity detailed above and is offset by the lease and SBITA liabilities. Unrestricted net position decreased by \$729,626 or 15% in 2023 over 2022 driven by the decrease in overall net position and the increase in net position restriction for pensions.

For the last two years, the Clark Regional Emergency Services Agency reports positive balances in all applicable categories of net position.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

Management's Discussion and Analysis

December 31, 2023

Statement of Changes in Fund Net Position

The Agency's ending net position decreased \$1,790,518, or 9%, in 2023. The key elements of this change are identified in the following condensed version of the Statement of Revenues, Expenses and Changes in Fund Net Position for the Agency.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**
December 31, 2023 and 2022

	2023	2022	Change	%
Revenues				
Operating Revenues				
Charges for Services	\$ 7,659,106	\$ 7,400,994	\$ 258,112	3%
Nonoperating Revenues				
Intergovernmental Transfer	5,073,750	4,950,000	123,750	3%
Operating Grant	713,989	828,916	(114,927)	-14%
Miscellaneous	111,975	118,549	(6,574)	-6%
Interest Earned (loss)	432,836	(170,552)	603,388	354%
Gain (loss) on Disposal of Assets	6,731	-	6,731	-
Total Revenues	<u>13,998,387</u>	<u>13,127,907</u>	<u>870,480</u>	<u>7%</u>
Expenses				
Operating Expenses				
Salaries and Benefits	9,927,595	9,154,519	773,076	8%
Other Services and Charges	3,395,901	3,971,850	(575,949)	-15%
Supplies	180,694	150,525	30,169	20%
Depreciation	2,101,221	2,031,203	70,018	3%
Nonoperating Expenses	172,951	47,518	125,433	264%
Total Expenses	<u>15,778,362</u>	<u>15,355,615</u>	<u>422,747</u>	<u>3%</u>
Income Before Contributions	(1,779,975)	(2,227,708)	447,733	20%
Contributions	50,000	72,849	(22,849)	-31%
Increase (decrease) in Net Position	<u>(1,729,975)</u>	<u>(2,154,859)</u>	<u>424,884</u>	<u>20%</u>
Net Position - Beginning	19,724,482	21,879,341	(2,154,859)	-10%
Change in Accounting Principles	(60,543)	-	(60,543)	-
Net Position - Ending	<u>\$ 17,933,964</u>	<u>\$ 19,724,482</u>	<u>\$ (1,790,518)</u>	<u>-9%</u>

Total revenues in 2023 were higher than those in 2022 increasing by \$870,480. The operating revenues increased \$258,112, or 3%, from 2022 to 2023 to cover budgeted costs. The primary source of operating revenue each year are user fees based on the Agency's operating budget, and forecasted technology, equipment, and repair needs.

Non-operating revenues increased by \$612,368, driven primarily by an increase in interest earnings of \$603,388 (due to market conditions), an increase in intergovernmental transfers of \$123,750 (911tax increase), and a \$6,731 increase in gains on the disposal of an asset. These increases are offset by decreases in operating grants of \$114,927 and miscellaneous revenues of \$6,574. Operating grant revenue decreased due to a few older contracts ending in 2022.

Total expenses in 2023 increased by \$422,747, or 3%, compared to 2022. This increase is primarily the result of a \$773,076 salaries and benefits expense increase which is in part from an increase in wages. This

CLARK REGIONAL EMERGENCY SERVICES AGENCY

Management's Discussion and Analysis

December 31, 2023

is offset by a \$575,949 decrease from other services and charges based on CRESA stabilizing after a post pandemic level of operations where expenses are back in line with budget expectations. Non-operating expenses increased by \$125,433, or 264%. This is due to an increase in interest expense related to leases and SBITAs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Clark Regional Emergency Services Agency's investment in property, plant, equipment and right to use intangible assets as of December 31, 2023, and 2022 is \$14,295,705 and \$16,262,421, respectively (net of accumulated depreciation). This reflects a decrease in capital assets of \$1,966,715 compared to 2022. This change is primarily driven by a increase in right to use and capital assets offset by normal depreciation and amortization.

Capital Assets (net of depreciation / amortization)

	2023	2022
Work in Progress	\$ 27,909	\$ 83,461
Buildings and Improvements	4,784,527	5,169,058
Intangible Assets	1,068,997	1,341,838
Equipment	4,787,005	5,680,402
Radio Tower Sites (Right to Use)	2,240,747	2,551,908
Office Equipment (Right to Use)	3,337	3,337
SBITAs (Right to Use)	1,383,183	-
Total	\$ 14,295,705	\$ 14,830,005

Readers interested in more detail related to capital assets should read the capital asset Note 3 in the notes to the financial statements.

Long-Term Debt

At December 31, 2023, the Agency had no long-term debt. The Long-term liabilities represent compensated absences payable to employees, net pension liability, the asset retirement obligation liability, lease liabilities, and SBITA liabilities. More information can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Agency is primarily dependent upon funding from Clark County, the City of Vancouver, and other various cities and political districts involved with the Agency. 911 taxes collected by Clark County are paid to CRESA for provision of 911 call intake and dispatch services. In 2023, this represents about 36% of total revenues. To date, this revenue has not been susceptible to decreases related to the economic environment and consumer attitude. While the Agency is not dependent upon typical taxes, decreases in taxes of other governments affect the Agency.

Requests for Information

This financial report is designed to provide a general overview of the Clark Regional Emergency Services Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Director, Clark Regional Emergency Services Agency, 710 W 13th Street, Vancouver, Washington, 98660.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
STATEMENT OF NET POSITION
December 31, 2023

	<u>2023</u>
Assets	
Current assets	
Cash, cash equivalents and pooled investments	\$ 7,409,926
Accounts receivable	60,465
Lease receivable	11,076
Due from other governments	226,504
Prepaid expense	1,107,812
Total current assets	<u>8,815,783</u>
Noncurrent assets	
Lease receivable	97,473
Capital assets, not being depreciated	27,909
Capital assets, being depreciated / amortized (net)	14,267,796
Pension asset	2,268,006
Total noncurrent assets	<u>16,661,184</u>
Total assets	<u>25,476,967</u>
Deferred outflows of resources	
Deferred outflows related to pensions	2,078,777
Deferred outflows related to asset retirement obligations	38,802
Total deferred outflows	<u>2,117,579</u>
Liabilities	
Current liabilities	
Accounts payable	764,532
Interest payable	60,994
Due to other governments	16,883
Lease liability	101,846
SBITA liability	39,957
Retainage payable	45,350
Accrued liabilities	466,295
Compensated absences payable	734,399
Total current liabilities	<u>2,230,256</u>
Noncurrent Liabilities	
Compensated absences payable	133,697
Lease liability	2,202,531
SBITA liability	1,273,796
Net pension liability	978,151
Asset retirement obligation	1,384,496
Total noncurrent liabilities	<u>5,972,671</u>
Total liabilities	<u>8,202,927</u>
Deferred inflows of resources	
Deferred inflows related to pensions	1,350,722
Deferred inflows related to leases	106,933
Total deferred inflows	<u>1,457,655</u>
Net position	
Net investment in capital assets	10,677,575
Restricted for pensions	2,981,921
Unrestricted	4,274,468
Total Net Position	<u>\$ 17,933,964</u>

CLARK REGIONAL EMERGENCY SERVICES AGENCY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2023

	2023
Operating revenues	
Charges for services	\$ 7,659,106
Total operating revenue	<u>7,659,106</u>
Operating expenses	
Employee salaries and benefits	9,927,595
Supplies	180,694
Other services and charges	3,279,696
Intergovernmental	116,205
Depreciation / amortization	<u>2,101,221</u>
Total operating expenses	15,605,411
Operating income (loss)	(7,946,305)
Nonoperating revenues (expenses)	
Intergovernmental	5,073,750
Interest earnings (losses)	432,836
Operating grants	713,989
Interest and fiscal charges	(172,951)
Gain (loss) on disposal of capital assets	6,731
Miscellaneous	<u>111,975</u>
Total nonoperating revenues (expenses)	6,166,330
Income (loss) before contributions	(1,779,975)
Contributions	<u>50,000</u>
Decrease in net position	(1,729,975)
Net position beginning of year	19,724,482
Change in accounting principles	<u>(60,543)</u>
Net position end of year	<u><u>\$ 17,933,964</u></u>

CLARK REGIONAL EMERGENCY SERVICES AGENCY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

	2023
Cash flows from operating activities:	
Cash received from users	\$ 7,624,347
Cash received from other operating activities	111,109
Cash payments for goods and services	(4,080,190)
Cash payments to employees	(10,508,068)
Net cash provided by (used in) operating activities	<u>(6,852,802)</u>
Cash flows from noncapital financing activities:	
Intergovernmental receipts	5,073,750
Grant revenues received	713,989
Net cash provided by (used in) noncapital financing activities	<u>5,787,739</u>
Cash flows from capital and related financing:	
Payments on leased right to use assets	(195,432)
Payments on SBITAs	(146,348)
Capital Contributions - Grants	50,000
Interest paid on SBITAs and leases	(111,957)
Purchase of capital assets	(181,586)
Net cash provided by (used in) capital financing activities	<u>(585,323)</u>
Cash flows from investing activities:	
Interest payments on leases	-
Investment interest	432,836
Net cash provided (used) by investing activities	<u>432,836</u>
Net increase (decrease) in cash and cash equivalents	(1,217,550)
Cash and cash equivalents at Jan. 1	8,627,476
Cash and cash equivalents at Dec. 31	<u>\$ 7,409,926</u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	\$ (7,946,305)
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation and amortization	2,101,221
Other non-operating revenues	111,975
Decrease (increase) in accounts receivable	(34,129)
Decrease (increase) in due from other governments	(21,741)
Decrease (increase) in prepaid items	(442,014)
Increase (decrease) in vouchers payable	(58,803)
Increase (decrease) in due to other governments	6,041
Increase (decrease) in accrued liabilities	64,510
Increase (decrease) in pension related items	(644,983)
Increase (decrease) in lease related items	(1,496)
Increase (decrease) in asset retirement obligation related items	12,922
Total Adjustments	1,093,503
Net cash provided (used) by operating activities	<u>\$ (6,852,802)</u>
Non cash investing, capital and financing activities	
Capital asset purchases financed by accounts payable and retainage payable	\$ 27,967
Right to use assets financed with debt	27,685
Disposal of right to use asset and debt	109,464

CLARK REGIONAL EMERGENCY SERVICES AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Clark Regional Emergency Services Agency (CRESA) conform to generally accepted accounting principles as applied to local governmental units. The more significant accounting policies are described below.

A. The Reporting Entity

In 1975, Clark Regional Emergency Services Agency (CRESA) was created under the Interlocal Cooperation Act (RCW 39.4) by agreement between the County and other governmental units and political districts. CRESA provides regional 9-1-1 dispatch services, a regional 800 MHz and conventional radio system and services, and regional emergency management services in all incorporated and unincorporated areas of Clark County.

The CRESA Administrative Board is comprised of nine members appointed by the primary entities receiving services from the agency. In late 2017, CRESA began the process of changing its formation structure to a special purpose, quasi-municipal corporation known as a Public Development Authority or PDA. This type of entity is authorized under RCW 35.21.730. The evolution of CRESA to a PDA is under review by the CRESA Administrative Board, and this review will continue through 2023. There are no component units that should be included.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements consist of the statement of net position, the statement of revenues, expenses and changes in fund net position, and the statement of cash flows. These statements report information on the activity of this single purpose government.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are emergency management per capita fees and charges to other governments for public safety communication services. Operating expenses for this enterprise fund include the cost of personnel and contractual services and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

The Agency budgets on the full accrual basis. Each year the director presents to the Administrative Board a proposed budget for operation of the Agency for the next calendar year. The budget is prepared in accordance with the Agency's budget timetable. The annual budget is adopted by a nine-member Administrative Board composed of the Clark County Manager, Vancouver City Manager or designee, Mayor from a represented small city designee, the Clark County Sheriff, a Police representative, a Vancouver Fire Department representative, a representative of an EMS district, a representative from the Fire Chief's Association and filling the seat of the Chief Financial Officer of a large business, a representative from the financial business community. The budget is prepared for managerial control and can be amended only by Board approval.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

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D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Pooled Investments

It is the Agency's policy to invest all temporary cash surpluses with Clark County. Clark County maintains cash and certain investments in a common pool. Investments are stated at fair value. For the purpose of the statement of cash flows, the Agency considers cash and cash equivalents to include cash and deposits, as well as pooled investments with original maturities of three months or less from the date of acquisition.

2. Receivables

Receivables consist of amounts owed from private entities, unpaid assessments from governmental entities for services provided or grants earned, or amounts associated with leases.

3. Prepaid expense

Prepaid expense includes payment for maintenance and similar services extending to future accounting periods.

4. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Intangible assets consist of software. Donated assets are valued at acquisition value on the date donated. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation and amortization is reported on the statement of net position. Depreciation and amortization have been provided over the estimated useful lives using the straight-line method. The estimated useful lives are 3-10 years for office equipment, 5-25 years for communications equipment, 3-15 years for software, and 10-20 years for buildings and towers. With the implementation of GASB Statement 87, *Leases*, the right to use assets are being amortized over the shorter period of the useful life of the underlying asset category per adopted policy or the lease term.

5. Deferred Outflows of Resources and Deferred Inflows of Resources

A Deferred Outflows of Resources is a consumption of net position that is applicable to future periods. Deferred Inflows of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement of net position. The Agency recognizes Deferred Outflows related to pensions and asset retirement obligations. The Agency recognizes Deferred inflows related to pensions and leases.

6. Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

7. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Agency records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay may be accumulated up to a maximum of two-times an employee's annual accrual rate. Accrual rates are determined by employee classification and years of service. The maximum accrual

CLARK REGIONAL EMERGENCY SERVICES AGENCY
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of 512 hours or 32 days is payable upon resignation, retirement or death. Accumulated unpaid sick leave under 300 hours is not included in compensated absences.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For purposes of calculating the restricted net position related to the net pension asset, CRESA includes the net pension asset, deferred inflows and deferred outflows.

9. Asset Retirement Obligation

The asset retirement obligation (ARO) and deferred outflows of resources related is the liability associated with the retirement of CRESA owned capital assets that have a substantial decommissioning cost to CRESA. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

10. Leases

CRESA is both a lessee and a lessor for noncancelable leases and recognizes a lease liability, an intangible right-to-use lease asset, lease receivable and a deferred inflow of resources, as applicable, in the proprietary fund financial statements.

At the commencement of a lease, as lessee, CRESA initially measures:

- The lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.
- The lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgements related to lease include how the CRESA determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- CRESA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or CRESA is the lessor, the incremental borrowing rate as the discount rate is generally used for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that CRESA is reasonably certain to exercise.
- Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

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CRESA monitors changes in circumstances that would require a remeasurement of its lease. CRESA will remeasure the lease asset, liability, lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

CRESA has recorded these amounts as detailed in Note 7, Leases and in Note 3, Changes in Capital Assets.

11. SBITA Liability and Right to Use Asset

SBITA liabilities consist of amounts recorded in compliance with GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). CRESA has recorded the SBITA liability and associated intangible, right to use, SBITA asset. At the commencement of a subscription-based information technology arrangement, CRESA initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term.

CRESA has recorded these amounts as detailed in Note 8, SBITAs and in Note 3, Changes in Capital Assets.

2. DEPOSITS AND INVESTMENTS

Investments in Clark County Investment Pool

CRESA is a participant in the Clark County Investment Pool (CCIP), 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, which consists of the Treasurer, the Auditor and the Chair of the Board of County Councilors. The committee approves the investment policy and makes all appropriate rules and regulations in accordance with RCW 36.48.070. CRESA reports its investment in the pool at fair value, which is the same as the value of the pool per share. The weighted average maturity of the CCIP is approximately one (1) year, with cash available to CRESA on demand. The on-demand availability of these funds defines them as cash equivalent liquid investments. Cash investments are not subject to interest rate risk reporting requirement as defined by GASB 31. The CCIP is overseen by the Clark County Finance Committee, is audited annually by the Washington State Auditor's Office and regulated by Washington RCW's. Clark County policy dictates that all investment instruments other than certificates of deposit and the Washington State Investment Pool be transacted on the delivery versus payment basis. CRESA's interest in the pool at December 31, 2023 was \$7,409,926 which represents 100% of CRESA's Cash, cash equivalents and pooled investments as reported in the Statement of Net Position. Investments in the County's pool are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

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3. CHANGES IN CAPITAL ASSETS

A summary of the changes in capital assets follows:

	<u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Non-depreciable capital assets:				
Work in Progress	\$ 83,461	\$ 227,754	\$ 283,306	\$ 27,909
Total non-depreciable capital assets	83,461	227,754	283,306	27,909
Depreciable capital assets:				
Buildings and improvements	8,080,083	-	-	8,080,083
Intangible assets	3,524,378	-	25,347	3,499,031
Equipment	13,072,875	265,105	409,376	12,928,604
Total depreciable capital assets	24,677,336	265,105	434,723	24,507,718
Less accumulated depreciation for:				
Buildings and improvements	(2,911,025)	(384,531)	-	(3,295,556)
Intangible assets	(2,182,540)	(272,841)	(25,347)	(2,430,034)
Equipment	(7,392,472)	(1,158,503)	(409,376)	(8,141,599)
Total accumulated depreciation	(12,486,037)	(1,815,875)	(434,723)	(13,867,189)
Total depreciable capital assets, net	12,191,299	(1,550,770)	-	10,640,529
Right to use asset, being amortized:				
Radio Tower Sites - Leases	2,894,889	-	116,903	2,777,986
Office Equipment - Leases	6,674	-	-	6,674
SBITAs*	1,432,416	27,685	-	1,460,101
Total right to use assets, being amortized	4,333,979	27,685	116,903	4,244,761
Less accumulated amortization for:				
Radio Tower Sites - Leases	(342,981)	(206,759)	(14,170)	(535,570)
Office Equipment - Leases	(3,337)	(1,669)	-	(5,006)
SBITAs	-	(76,918)	-	(76,918)
Total accumulated amortization	(346,318)	(285,346)	(14,170)	(617,494)
Total capital assets, amortized, net	3,987,661	(257,661)	102,733	3,627,267
Capital assets, being depreciated/amortized, net	16,178,960	(1,808,431)	102,733	14,267,796
Net capital assets	\$ 16,262,421	\$ (1,580,677)	\$ 386,039	\$ 14,295,705

*The beginning balance was restated to record a GASB 96 intangible asset

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Agency previously constructed new infrastructure, field equipment and contracted for ongoing support related to the radio system. The total cost over the ten-year contract is projected to be \$12,753,382; \$9,876,217 for new infrastructure and training costs, \$3,654,760 in ongoing support, and \$200,180 in project management fees. Infrastructure will be funded through accrued reserves and future user fees. Ongoing support will be funded with current ongoing fees which the Agency has in place. The new system was operational in 2017. At December 31, 2023, the Agency's commitments were as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Infrastructure Support Agreement	\$ 1,491,118

The Agency does not need to raise additional funds to cover the commitment.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
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5. LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	1/1/2023	Additions	Reductions	12/31/2023	Due within one year
Compensated Absences	\$ 838,825	\$ 29,271	\$ -	\$ 868,096	\$ 734,399
Environmental Liabilities - ARO	1,338,971	45,525	-	1,384,496	-
Net Pension Liability	1,084,121	-	105,970	978,151	-
Lease Liability	2,609,273	-	304,896	2,304,377	101,846
SBITA Liability*	1,432,416	27,685	146,348	1,313,753	39,957
Total long-term liabilities	\$ 7,303,606	\$ 102,481	\$ 557,214	\$ 6,848,873	\$ 876,202

*The Beginning Balance was restated to recognize a GASB 96 liability related to intangible assets

6. PENSION PLAN

The following table represents the aggregate pension amounts for all plans for the year 2023:

Aggregate Pension Amount	
Pension liabilities	\$ 978,151
Pension assets	\$ 2,268,006
Deferred outflows of resources	\$ 2,078,777
Deferred inflows of resources	\$ 1,350,722
Pension expenses/expenditures	\$ 122,616

State Sponsored Pension Plans

Substantially all CRESA full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), 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 downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The

CLARK REGIONAL EMERGENCY SERVICES AGENCY**NOTES TO FINANCIAL STATEMENTS**

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AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January-June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July - August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September - December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service.

Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January-June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.39%	6.36%
July - August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	9.39%	6.36%
September - December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.53%	6.36%

The Agency's actual PERS plan contributions were \$268,901 to PERS Plan 1 and \$498,701 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

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- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return
Fixed Income	20%	1.50%
Tangible	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

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	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 1,366,550	\$ 978,151	\$ 639,169
PERS 2/3	2,466,729	(2,268,006)	(6,157,890)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Agency reported its proportionate share of the net pension liabilities (assets) as follows:

Plan	Liability or (Asset)
PERS 1	\$ 978,151
PERS 2/3	(2,268,006)

At June 30, the Agency's proportionate share of the collective net pension liabilities (assets) was as follows:

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.03894%	0.04285%	-0.00391%
PERS 2/3	0.05078%	0.05534%	-0.00456%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Pension Expense

For the year ended December 31, 2023, the Agency recognized pension expense as follows:

Pension Expense	
PERS 1	\$ 106,183
PERS 2/3	16,433
TOTAL	122,616

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (110,340)
Contributions subsequent to the measurement date	124,480	-
TOTAL	\$ 124,480	\$ (110,340)

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PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 461,990	\$ (25,341)
Net difference between projected and actual investment earnings on pension plan investments	-	\$ (854,722)
Changes of assumptions	952,187	\$ (207,539)
Changes in proportion and differences between contributions and proportionate share of contributions	280,008	\$ (152,780)
Contributions subsequent to the measurement date	260,112	
TOTAL	\$ 1,954,297	\$ (1,240,382)
TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 461,990	\$ (25,341)
Net difference between projected and actual investment earnings on pension plan investments	-	(965,062)
Changes of assumptions	952,187	(207,539)
Changes in proportion and differences between contributions and proportionate share of contributions	280,008	(152,780)
Contributions subsequent to the measurement date	384,592	-
TOTAL	\$ 2,078,777	\$ (1,350,722)

Deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2024	\$ (75,070)	\$ (214,079)
2025	(94,411)	(482,804)
2026	58,212	687,924
2027	929	236,845
2028	-	235,544
Thereafter	-	(9,627)

7. LEASES

CRESA as Lessor

At December 31, 2023, CRESA had one lease receivable in which it is acting as Lessor.

Lease Type	Start Date	Initial Term	Extensions up to:	Lease Receivable at 12/31/2023
Tower Site	10/1/2020	5 Year	5 years	108,549

For the leases, CRESA evaluated on a case-by-case basis which extensions would be exercised and calculate the receivable and deferred inflows accordingly. During 2023, the inflows of resources recognized from this lease is \$11,942.

CRESA's schedule of future payments included in the measurement of the lease receivable is as follows:

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Lease Receivables

		Principal	Interest	Total Requirements
2024	\$	11,076	\$ 2,985	\$ 14,061
2025		11,732	2,681	14,413
2026		12,415	2,358	14,773
2027		13,126	2,016	15,142
2028		13,865	1,654	15,519
2029-2031		46,335	2,593	48,928
	\$	108,549	\$ 14,287	\$ 122,836

CRESA as Lessee

At December 31, 2023, CRESA used its lease policy to evaluate financial agreements that are potential leases in which CRESA serves as the lessee. At December 31, 2023, CRESA has ten leases payable in which it is acting as Lessee for a copier and land or tower space for radio equipment. CRESA's future payments included in the measurement of the lease payable is as follows:

Lease Payables

		Principal	Interest	Total Requirements
2024	\$	101,846	\$ 69,220	\$ 171,065
2025		162,168	64,847	227,015
2026		176,917	60,185	237,103
2027		182,073	55,091	237,164
2028		165,658	49,816	215,475
2029-2033		753,359	176,805	930,164
2034-2038		531,030	73,624	604,654
2039-2042		231,326	17,531	248,857
	\$	2,304,377	\$ 567,121	\$ 2,871,497

At December 31, 2023, the lease right to use assets and accumulated amortization are \$2,784,660 and \$540,576, respectively, presenting \$2,244,084 net. See note 3 for additional information.

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

At December 31, 2023, CRESA used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2023, CRESA has eight SBITA liabilities for a variety of different administrative and operational software. The agreements are for noncancellable terms of one year, with extensions ranging between 5 and 20 years. Payments increase annually, not to exceed CPI. CRESA has assumed it will exercise options to extend 6 leases by 20 years and one lease by 5 years. CRESA's schedule of future payments included in the measurement of the SBITA payable is as follows:

CLARK REGIONAL EMERGENCY SERVICES AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

SBITA Liability

	Principal	Interest	Total Requirements
2024	\$ 39,957	\$ 54,608	\$ 94,565
2025	47,623	52,719	100,342
2026	49,590	50,751	100,341
2027	51,639	48,702	100,341
2028	53,773	46,568	100,341
2029-2033	287,551	198,889	486,440
2034-2038	352,211	134,229	486,440
2039-2043	431,409	55,028	486,437
	\$ 1,313,753	\$ 641,494	\$ 1,955,247

At December 31, 2023, the SBITA right to use assets and accumulated amortization are \$1,460,101 and \$76,918, respectively, presenting \$1,383,183 net. See note 3 for additional information.

9. ASSET RETIREMENT OBLIGATIONS

CRESA owns, operates, and maintains cell towers on leased land with varying initial and renewal lease terms. Currently, CRESA does not foresee terminating these lease agreements or decommissioning these towers into the foreseeable future. However, if a lease were to terminate and CRESA were to decommission these towers there are specific decommissioning requirements within the land leases.

CRESA obtained an engineer estimate to support these potential decommissioning costs and presents a liability at December 31, 2023, of \$1,384,496 and a Deferred Outflow of \$38,802. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

10. RISK MANAGEMENT

The Agency is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. The liability program assumes no liability deductibles apply to any coverage. Claims deductible levels of \$25,000, \$50,000, \$100,000, and \$250,000 are potential coverage options for members that may at the sole discretion of WCIA, be extended to members. Member should include the liability deductible amount if applicable.

Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

There have been no losses exceeding coverage in the last three years.

11. RELATED PARTY TRANSACTIONS

Clark County

The Agency is involved in a related party transaction with Clark County. Clark County collects telephone access fees (911 taxes) that can only be used to offset qualifying 911 expenses, leaving the funding for the future radio replacement the responsibility of the Agency's stakeholders. At December 31, 2023, all 911 tax received by the Agency was used for qualifying expenses with a total of \$5,073,750 transferred.

In addition, during 2023, the Agency paid Clark County \$404,246 for facilities and maintenance charges, \$116,205 for financial administration, \$181,924 for IT services and \$29,907 for other miscellaneous professional services.

12. JOINTLY ADMINISTERED ORGANIZATION

The Agency is involved in Region IV, a jointly administered organization established by the State of Washington Emergency Management Division. Region IV is used to distribute public safety grants to Clark, Cowlitz, Skamania and Wahkiakum Counties. Region IV receives grants based upon an allocation performed by the State of Washington. The Agency receives the grants on behalf of Region IV and distributes the proceeds to the governments within the Region IV Council. The nature and expenditure of the grants is determined by the grant programs received. A portion of the grant is used to pay for an

CLARK REGIONAL EMERGENCY SERVICES AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Emergency Management Coordinator position or part-time position at each County, as well as management and administrative expenses incurred by the Agency.

13. GASB IMPLEMENTATION

At January 1, 2023, CRESA implemented the following GASB Statement:

GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

As a result of implementing this GASB, CRESA has recorded the intangible, right to use, SBITA asset and SBITA liability of \$1,460,101, with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of \$76,918 and \$146,348. Additionally, CRESA presents a change in accounting principle of \$60,543 to reclassify prepaid SBITA to a reduction of the SBITA liability.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS I

As of June 30

Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.042850%	\$ 978,151	\$ 7,366,205	13.28%	0.8016
2022	0.038936%	1,084,121	6,630,599	16.35%	76.56%
2021	0.042046%	513,480	6,461,325	7.95%	88.74%
2020	0.042771%	1,510,047	6,478,811	23.31%	68.64%
2019	0.042709%	1,642,313	5,994,045	27.40%	67.12%
2018	0.045875%	2,048,793	5,924,414	34.58%	63.22%
2017	0.021958%	1,041,924	2,706,459	38.50%	61.24%

Note: CRESA became a part of the Pension Plan and implemented GASB 68 on January 1, 2017, therefore no data is presented before then. Eventually, ten years of data will be presented.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 2/3

As of June 30

Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.553350%	\$ (2,268,006)	\$ 7,366,205	-30.79%	107.02%
2022	0.050777%	(1,883,208)	6,630,599	-28.40%	106.73%
2021	0.054023%	(5,381,560)	6,461,325	-83.29%	120.29%
2020	0.055507%	709,903	6,478,811	10.96%	97.22%
2019	0.055145%	535,645	5,994,045	8.94%	97.77%
2018	0.055892%	954,306	5,799,085	16.46%	95.77%
2017	0.027116%	942,151	2,658,479	35.44%	90.97%

Note: CRESA became a part of the Pension Plan and implemented GASB 68 on January 1, 2017, therefore no data is presented before then. Eventually, ten years of data will be presented.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions

PERS 1

As of December 31

Last Seven Calendar Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$ 268,901	\$ (268,901)	\$ -	\$ 7,840,953	3.43%
2022	262,047	(262,047)	-	6,983,356	3.75%
2021	282,548	(282,548)	-	6,514,664	4.34%
2020	319,619	(319,619)	-	6,657,359	4.80%
2019	299,159	(299,159)	-	6,032,189	4.96%
2018	305,116	(305,116)	-	5,929,942	5.15%
2017	285,852	(285,852)	-	5,693,027	5.02%

Note: CRESA became a part of the Pension Plan and implemented GASB 68 on January 1, 2017, therefore no data is presented before then. Eventually, ten years of data will be presented.

CLARK REGIONAL EMERGENCY SERVICES AGENCY
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Employer Contributions

PERS 2/3

As of December 31

Last Seven Calendar Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$ 498,701	\$ (498,701)	\$ -	\$ 7,840,953	6.36%
2022	444,170	(444,170)	-	6,983,356	6.36%
2021	469,284	(469,284)	-	6,514,664	7.20%
2020	526,483	(526,483)	-	6,657,359	7.91%
2019	464,756	(464,756)	-	6,032,189	7.70%
2018	439,525	(439,525)	-	5,861,276	7.50%
2017	382,005	(382,005)	-	5,588,385	6.84%

GASB 68 on January 1, 2017, therefore no data is presented before then. Eventually, ten years of data will be presented.

CLARK REGIONAL EMERGENCY SERVICES AGENCY

Notes to Required Supplemental Information - Pension

As of December 31
Last Seven Calendar Years

Note 1: Information Provided

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	8/31/2023	10.39%
9/1/2023	current	9.53% *

* Employer contribution rate includes an administrative expense rate of 0.20%

PERS 2/3

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	8/31/2023	10.39%
9/1/2023	current	9.53% *

* Employer contribution rate includes an administrative expense rate of 0.20%

ABOUT THE STATE AUDITOR'S OFFICE

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