



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

King County Fire Protection District No. 27

For the period January 1, 2018 through December 31, 2020

Published December 6, 2021

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

December 6, 2021

Board of Commissioners
King County Fire Protection District No. 27
Fall City, Washington

Report on Financial Statements

Please find attached our report on King County Fire Protection District No. 27's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	4
Independent Auditor's Report on the Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	33

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*

King County Fire Protection District No. 27 January 1, 2018 through December 31, 2020

Board of Commissioners
King County Fire Protection District No. 27
Fall City, 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 King County Fire Protection District No. 27, as of and for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 30, 2021.

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

As discussed in Note 6 to the 2019 financial statements, during the year ended December 31, 2019, the District adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS Manual.

As discussed in Note 8 to the 2019 and 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 8.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Olympia, WA

November 30, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

King County Fire Protection District No. 27 January 1, 2018 through December 31, 2020

Board of Commissioners
King County Fire Protection District No. 27
Fall City, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of King County Fire Protection District No. 27, for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, King County Fire Protection District No. 27 has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of King County Fire Protection District No. 27, and its changes in cash and investments, for the years ended December 31, 2020, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of King County Fire Protection District No. 27, as of December 31, 2020, 2019 and 2018, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 6 to the 2019 financial statements, during the year ended December 31, 2019, the District adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the 2019 and 2020 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the District is unknown. Management’s plans in response to this matter are also described in Note 8. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Olympia, WA

November 30, 2021

FINANCIAL SECTION

King County Fire Protection District No. 27 January 1, 2018 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
Fund Resources and Uses Arising from Cash Transactions – 2019
Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to the Financial Statements – 2020
Notes to the Financial Statements – 2019
Notes to the Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020
Schedule of Liabilities – 2019
Schedule of Liabilities – 2018

King County Fire Protection District No. 27
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 General	201 Debt Svc
Beginning Cash and Investments				
308	Beginning Cash and Investments	1,760,306	1,750,480	9,826
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,240,541	2,080,408	160,133
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	121,653	121,464	189
340	Charges for Goods and Services	17,758	17,758	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	42,425	41,627	798
Total Revenues:		<u>2,422,377</u>	<u>2,261,257</u>	<u>161,120</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	2,245,438	2,245,138	300
Total Expenditures:		<u>2,245,438</u>	<u>2,245,138</u>	<u>300</u>
Excess (Deficiency) Revenues over Expenditures:		<u>176,939</u>	<u>16,119</u>	<u>160,820</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	227,578	59,578	168,000
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>227,578</u>	<u>59,578</u>	<u>168,000</u>
Increase (Decrease) in Cash and Investments:		<u>(50,639)</u>	<u>(43,459)</u>	<u>(7,180)</u>
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	2,645	-	2,645
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	1,707,019	1,707,019	-
Total Ending Cash and Investments		<u>1,709,664</u>	<u>1,707,019</u>	<u>2,645</u>

King County Fire Protection District No. 27
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General	201 Debt Svc
Beginning Cash and Investments				
30810	Reserved	8,236	-	8,236
30880	Unreserved	1,684,977	1,684,977	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,222,886	2,060,909	161,977
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	145,004	144,810	194
340	Charges for Goods and Services	39,652	39,652	-
350	Fines and Penalties	1,200	1,200	-
360	Miscellaneous Revenues	42,654	41,184	1,470
Total Revenues:		<u>2,451,396</u>	<u>2,287,755</u>	<u>163,641</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	2,125,902	2,125,602	300
Total Expenditures:		<u>2,125,902</u>	<u>2,125,602</u>	<u>300</u>
Excess (Deficiency) Revenues over Expenditures:		<u>325,494</u>	<u>162,153</u>	<u>163,341</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	2,292	2,292	-
Total Other Increases in Fund Resources:		<u>2,292</u>	<u>2,292</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	39,363	39,363	-
591-593, 599	Debt Service	221,329	59,579	161,750
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>260,692</u>	<u>98,942</u>	<u>161,750</u>
Increase (Decrease) in Cash and Investments:		<u>67,094</u>	<u>65,503</u>	<u>1,591</u>
Ending Cash and Investments				
5081000	Reserved	9,826	-	9,826
5088000	Unreserved	1,750,480	1,750,480	-
Total Ending Cash and Investments		<u>1,760,306</u>	<u>1,750,480</u>	<u>9,826</u>

King County Fire Protection District No. 27
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		<u>Total for All Funds (Memo Only)</u>	<u>001 General</u>	<u>201 Debt Svc</u>
Beginning Cash and Investments				
30810	Reserved	6,054	-	6,054
30880	Unreserved	1,496,424	1,496,424	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,169,029	2,002,982	166,048
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	127,838	127,809	29
340	Charges for Goods and Services	27,112	27,112	-
350	Fines and Penalties	2,400	2,400	-
360	Miscellaneous Revenues	31,530	30,375	1,155
Total Revenues:		<u>2,357,910</u>	<u>2,190,678</u>	<u>167,232</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	1,936,718	1,936,418	300
Total Expenditures:		<u>1,936,718</u>	<u>1,936,418</u>	<u>300</u>
Excess (Deficiency) Revenues over Expenditures:		<u>421,192</u>	<u>254,260</u>	<u>166,932</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	19,250	19,250	-
Total Other Increases in Fund Resources:		<u>19,250</u>	<u>19,250</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	25,378	25,378	-
591-593, 599	Debt Service	224,329	59,579	164,750
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
Total Other Decreases in Fund Resources:		<u>249,707</u>	<u>84,957</u>	<u>164,750</u>
Increase (Decrease) in Cash and Investments:		<u>190,735</u>	<u>188,553</u>	<u>2,182</u>
Ending Cash and Investments				
5081000	Reserved	8,236	-	8,236
5088000	Unreserved	1,684,977	1,684,977	-
Total Ending Cash and Investments		<u>1,693,212</u>	<u>1,684,977</u>	<u>8,236</u>

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies:

King County Fire Protection District No. 27 is a special purpose local government that provides fire protection, and emergency services to the general public and is supported primarily through property taxes. The District was incorporated on May 27, 1946 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts.

The District reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting:

Financial transactions of the District 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 District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District:

General Fund

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

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.

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. Budgets:

The District adopts annual appropriated budgets for its general fund and debt service fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,440,700	\$2,430,374	\$(10,326)
Debt Service Fund	\$161,000	\$168,300	\$7,300.00

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2020

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.

D. Cash and Investments:

See Note 3, *Deposits and Investments*.

E. Capital Assets:

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory of the District are recorded as expenditures when purchased.

F. Compensated Absences:

Vacation leave may be accumulated up to 160 hours for administrative personnel and 240 hours for uniformed bargaining units and is payable upon separation or retirement. Sick leave may accumulate up to 530 hours for administrative personnel. Upon separation or retirement administrative employees do not receive payment for unused sick leave. Sick leave may accumulate up to 720 hours for uniformed bargaining units and sick leave in excess of 720 hours is paid to the employee at 25% of base pay at year end. Upon separation or retirement uniformed bargaining unit employees do not receive payment for unused sick leave below 720 hours accumulated. Payments are recognized as expenditures when paid.

G. Long Term Debt:

See Note 4, *Debt Service Requirements*.

H. Risk Management:

The District manages its risk by maintaining insurance coverage for damages and losses to property, apparatus, portable equipment, or criminal acts. Coverage for general, management, and automotive related liability is included. The insurance coverage is purchased through Volunteer Firemen's Insurance Services, Inc. (VFIS). The District's local broker for VFIS is MacIvennie Associates, Inc.

I. Restricted and Committed Portion of Ending Cash and Investments:

Beginning and Ending Cash and Investments is reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the Fire District intends to use reserved resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

Debt Service Fund

The reserved funds in the Debt Service account are restricted, committed, and assigned to expenditures for principal, interest and related costs for the District's General Obligations Bonds.

Note 2 - 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The District's regular levy rate for the year 2020 was \$1.16886 per \$1,000 on an assessed valuation of \$1,384,656,335 for a total regular levy of \$ 1,617,667.

The District's excess levy rate for the year 2020 was \$0.34498 per \$1,000 on an assessed valuation of \$1,376,859,963 for a total excess levy of \$475,000 for its Maintenance and Operations. This four-year

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2020

excess levy was approved for up to \$475,000 per year by the voters in November 2016 and is for years 2017, 2018, 2019 and 2020.

The District's General Obligations Bond levy rate for the year 2020 was \$ 0.05861 per \$1,000 on an assessed valuation of \$2,746,786,984 for a total levy of \$161,000.

Note 3 - Deposits and Investments:

In accordance with State law, the District's governing body has a formal interlocal agreement with the District's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool. The interest on these investments is credited directly to the various funds by the County Treasury and identified as such in the financial statements.

As of December 31, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
King County Investment Pool	\$1,722,946	1.20 years

Impaired Investments. As of December 31, 2020, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The District's share of the impaired investment pool principal is \$1,030 and the District's fair value of these investments is \$642.

Interest Rate Risk. As of December 31, 2020, the Pool's average duration was 1.20 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk. As of December 31, 2020, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

The District's deposits (and certificates of deposit) are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. The PDPC is a statutory authority established under chapter 39.58 RCW that governs public depositories and provides that "All public funds deposited in public depositories, including investment deposits and accrued interest thereon, shall be protected against loss, as provided in the chapter." It constitutes a multiple financial institution collateral pool that can make pro rata assessments to all public depositories within the state for their public deposits. PDPC protection is of the nature of collateral, not of insurance.

Note 4 - 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, 2020.

The debt service requirements for the District's General Obligation Bonds which includes both principal and interest are as follows:

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2020

General Obligation Bonds

	Principal	Interest	Total
2021	\$160,000	\$4,000	\$164,000
TOTAL	\$160,000	\$4,000	\$164,000

Note 5 - Pension Plans:

The District's full-time employees participate in the Public Employees' Retirement System (PERS) plan 2 or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan 2 which are administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

LEOFF 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.

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380.

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

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

As of June 30, 2020 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

DRS Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	3,511	.000484%	17,088
PERS 2/3	5,785	.000628%	8,032
LEOFF 2	65,781	.033627%	(685,942)
VFFRPF	390	.200772%	(70,752)

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2020

Note 6 - Other Post-Employment Benefits (OPEB):

The District is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The District had 13 active plan members and 0 retired plan members as of December 31, 2020. As of December 31, 2020, the District's total OPEB liability was \$450,815 as calculated using the alternative measurement method. The District contributed \$167 to the plan for the year ended December 31, 2020.

Note 7 - Joint Venture:

In November of 2007, King County Fire Protection District 27, with the cities of Bellevue, Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Woodinville Fire & Rescue, Northshore Fire Department and Shoreline Fire Department entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of the cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. King County Fire Protection District 27's share of these fees for 2020 was \$33,654. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.

Note 8 - Subsequent Events:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly COVID-19 virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The District provides emergency services to the public and it is expected that additional costs will be incurred in addressing the pandemic. The District has sufficient reserves to provide continued stability and address the immediate needs of the crisis.

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies:

King County Fire Protection District No. 27 is a special purpose local government that provides fire protection, and emergency services to the general public and is supported primarily through property taxes. The District was incorporated on May 27, 1946 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts.

The District reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting:

Financial transactions of the District 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 District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District:

General Fund

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

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.

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. Budgets:

The District adopts annual appropriated budgets for its general fund and debt service fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,393,000	\$2,222,456	\$170,544
Debt Service Fund	\$161,750	\$162,050	(\$300.00)

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2019

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.

D. Cash and Investments:

See Note 3, *Deposits and Investments*.

E. Capital Assets:

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory of the District are recorded as expenditures when purchased.

F. Compensated Absences:

Vacation leave may be accumulated up to 160 hours for administrative personnel and 240 hours for uniformed bargaining units and is payable upon separation or retirement. Sick leave may accumulate up to 530 hours for administrative personnel. Upon separation or retirement administrative employees do not receive payment for unused sick leave. Sick leave may accumulate up to 720 hours for uniformed bargaining units and sick leave in excess of 720 hours is paid to the employee at 25% of base pay at year end. Upon separation or retirement uniformed bargaining unit employees do not receive payment for unused sick leave below 720 hours accumulated. Payments are recognized as expenditures when paid.

G. Long Term Debt:

See Note 4, *Debt Service Requirements*.

H. Risk Management:

The District manages its risk by maintaining insurance coverage for damages and losses to property, apparatus, portable equipment or criminal acts. Coverage for general, management, and automotive related liability is included. The insurance coverage is purchased through Volunteer Firemen's Insurance Services, Inc. (VFIS). The District's local broker for VFIS is MacIvennie Associates, Inc.

I. Reserved Portion of Ending Cash and Investments:

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the Fire District intends to use reserved resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

Debt Service Fund

The reserved funds in the Debt Service account are restricted, committed, and assigned to expenditures for principal, interest and related costs for the District's General Obligations Bonds.

Note 2 - 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The District's regular levy rate for the year 2019 was \$1.20543 per \$1,000 on an assessed valuation of \$1,313,244,287 for a total regular levy of \$ 1,584,399.

The District's excess levy rate for the year 2019 was \$0.36401 per \$1,000 on an assessed valuation of \$1,304,882,129 for a total excess levy of \$475,000 for its Maintenance and Operations. This four-year

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2019

excess levy was approved for up to \$475,000 per year by the voters in November 2016 and is for years 2017, 2018, 2019 and 2020.

The District's General Obligations Bond levy rate for the year 2019 was \$ 0.06100 per \$1,000 on an assessed valuation of \$2,651,433,048 for a total levy of \$161,750.

Note 3 - Deposits and Investments:

In accordance with State law, the District's governing body has a formal interlocal agreement with the District's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool. The interest on these investments is credited directly to the various funds by the County Treasury and identified as such in the financial statements.

As of December 31, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
King County Investment Pool	\$1,750,753	0.92 years

Impaired Investments. As of December 31, 2019, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in one commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool principal is \$1,273 and the District's fair value of these investments is \$857.

Interest Rate Risk. As of December 31, 2019, the Pool's average duration was 0.92 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk. As of December 31, 2019, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

The District's deposits (and certificates of deposit) are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. The PDPC is a statutory authority established under chapter 39.58 RCW that governs public depositories and provides that "All public funds deposited in public depositories, including investment deposits and accrued interest thereon, shall be protected against loss, as provided in the chapter." It constitutes a multiple financial institution collateral pool that can make pro rata assessments to all public depositories within the state for their public deposits. PDPC protection is of the nature of collateral, not of insurance.

Note 4 - 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, 2019.

The debt service requirements for the District's General Obligation Bonds and COP LOCAL Loan which includes both principle and interest are as follows:

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2019

General Obligation Bonds

	Principal	Interest	Total
2020	\$160,000	\$8,000	\$168,000
2021	\$160,000	\$4,000	\$164,000
TOTAL	\$320,000	\$12,000	\$332,000

COP LOCAL Loan

	Principal	Interest	Total
2020	\$58,126	\$1,453	\$59,579
TOTAL	\$58,126	\$1,453	\$59,579

Note 5 - Pension Plans:

The District's full-time employees participate in the Public Employees' Retirement System (PERS) plan 2 or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan 2 which are administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

LEOFF 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.

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380.

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

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

As of June 30, 2019 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2019

DRS Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	3,709	.000517%	19,880
PERS 2/3	5,457	.000668%	6,489
LEOFF 2	64,931	.035218%	(815,893)
VFFRPF	450	.226620%	(154,086)

Note 6 - Other Post-Employment Benefits (OPEB):

The District is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The District had 13 active plan members and 0 retired plan members as of December 31, 2019. As of December 31, 2019, the District's total OPEB liability was \$365,352 as calculated using the alternative measurement method. The District contributed \$139 to the plan for the year ended December 31, 2019.

Note 7 - Joint Venture:

In November of 2007, King County Fire Protection District 27, with the cities of Bellevue, Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Woodinville Fire & Rescue, Northshore Fire Department and Shoreline Fire Department entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of the cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. King County Fire Protection District 27's share of these fees for 2019 was \$34,108. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.

Note 8 - Subsequent Events:

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly COVID-19 virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The District provides emergency services to the public and it is expected that additional costs will be incurred in addressing the pandemic. The District has sufficient reserves to provide continued stability and address the immediate needs of the crisis.

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

King County Fire Protection District No. 27 is a special purpose local government that provides fire protection, and emergency services to the general public and is supported primarily through property taxes. The District was incorporated on May 27, 1946 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts.

The District reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the District 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 District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District:

General Fund

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

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.

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. Budgets

The District adopts annual appropriated budgets for its general fund and debt service fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,202,294	\$2,203,223	(\$929)
Debt Service Fund	\$167,000	\$165,050	\$1,950

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2018

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.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory of the District are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 160 hours for administrative personnel and 240 hours for uniformed bargaining units and is payable upon separation or retirement. Sick leave may accumulate up to 530 hours for administrative personnel. Upon separation or retirement administrative employees do not receive payment for unused sick leave. Sick leave may accumulate up to 720 hours for uniformed bargaining units and sick leave in excess of 720 hours is paid to the employee at 25% of base pay at year end. Upon separation or retirement uniformed bargaining unit employees do not receive payment for unused sick leave below 720 hours accumulated. Payments are recognized as expenditures when paid.

G. Long Term Debt

See Note 4, *Debt Service Requirements*.

G. Risk Management

The District manages its risk by maintaining insurance coverage for damages and losses to property, apparatus, portable equipment or criminal acts. Coverage for general, management, and automotive related liability is included. The insurance coverage is purchased through Volunteer Firemen's Insurance Services, Inc. (VFIS). The District's local broker for VFIS is MacIvvennie Associates, Inc.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the Fire District intends to use reserved resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

Debt Service Fund

The reserved funds in the Debt Service account are restricted, committed, and assigned to expenditures for principal, interest and related costs for the District's General Obligations Bonds.

Note 2 - 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2018

The District's regular levy rate for the year 2018 was \$1.27009 per \$1,000 on an assessed valuation of \$1,216,937,163 for a total regular levy of \$ 1,545,659.

The District's excess levy rate for the year 2018 was \$0.39305 per \$1,000 on an assessed valuation of \$1,208,499,457 for a total excess levy of \$475,000 for its Maintenance and Operations. This four-year excess levy was approved for up to \$475,000 per year by the voters in November 2016 and is for years 2017, 2018, 2019 and 2020.

The District's General Obligations Bond levy rate for the year 2018 was \$ 0.07087 per \$1,000 on an assessed valuation of \$2,356,265,370 for a total levy of \$167,000.

Note 3 – Deposits and Investments

It is the District's policy to invest all temporary cash surpluses. The District's investments are held by King County Treasury as its agent in the District's name. The King County Investment Pool invests cash reserves for all County agencies and more than 100 special purpose districts and other public entities such as school, sewer and water districts, and other public authorities. The interest on these investments is credited directly to the various funds by King County Treasury and identified as such in the financial statements.

The Executive Finance Committee establishes King County's investment policy and oversees the portfolio to ensure that specific holdings comply with both the investment policy and State law.

The District's deposits (and certificates of deposit) are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

Investments are reported at fair value. Investments as of December 31, 2018 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
King County Investment Pool:	\$1,680,900

Note 4 - 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, 2018.

The debt service requirements for the District's General Obligation Bonds and COP LOCAL Loan which includes both principle and interest are as follows:

General Obligation Bonds

	Principal	Interest	Total
2019	\$150,000	\$11,750	\$161,750
2020	\$160,000	\$8,000	\$168,000
2021	\$160,000	\$4,000	\$164,000
TOTAL	\$470,000	\$23,750	\$493,750

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2018

COP LOCAL Loan

	Principal	Interest	Total
2019	\$55,290	\$4,289	\$59,579
2020	\$58,126	\$1,453	\$59,579
TOTAL	\$113,416	\$5,742	\$119,158

Note 5 - Pension Plans

The District's full-time employees participate in the Public Employees' Retirement System (PERS) plan 2 or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan 2 which are administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

LEOFF 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.

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380.

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

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

As of June 30, 2018 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	.000503%	22,464
PERS 2/3	.000642%	10,962
LEOFF 2	.034935%	(709,257)
VFFRPF	.204978%	(108,319)

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2018

Note 6 - Joint Venture Note:

In November of 2007, King County Fire Protection District 27, with the cities of Bellevue, Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Woodinville Fire & Rescue, Northshore Fire Department and Shoreline Fire Department entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of the cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. King County Fire Protection District 27's share of these fees for 2018 was \$34,741.

Complete financial statements for NORCOM may be obtained at:

NORCOM
PO Box 50911
Bellevue, WA 98015-0911

King County Fire Protection District No. 27
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	GO Bonds Voted	12/1/2021	320,000	-	160,000	160,000
263.96	COP Loan - Engine	6/1/2020	58,125	-	58,125	-
	Total General Obligation Debt/Liabilities:		378,125	-	218,125	160,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		69,589	-	1,957	67,632
264.30	Pension Liability		26,369	-	1,249	25,120
264.40	OPEB Liability		365,352	85,463	-	450,815
	Total Revenue and Other (non G.O.) Debt/Liabilities:		461,310	85,463	3,206	543,567
	Total Liabilities:		839,435	85,463	221,331	703,567

King County Fire Protection District No. 27
Schedule of Liabilities
For the Year Ended December 31, 2019

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.12	GO Bonds Voted	12/1/2021	470,000	-	150,000	320,000
263.96	COP Loan - Engine	6/1/2020	113,416	-	55,290	58,126
	Total General Obligation Debt/Liabilities:		583,416	-	205,290	378,126
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		64,946	4,643	-	69,589
264.30	Pension Liability		33,426	-	7,057	26,369
264.40	OPEB Liability		-	365,352	-	365,352
	Total Revenue and Other (non G.O.) Debt/Liabilities:		98,372	369,995	7,057	461,310
	Total Liabilities:		681,788	369,995	212,347	839,436

King County Fire Protection District No. 27
Schedule of Liabilities
For the Year Ended December 31, 2018

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.12	GO Bonds Voted	12/1/2021	620,000	-	150,000	470,000
263.96	COP Loan - Engine	6/1/2020	166,009	-	52,593	113,416
	Total General Obligation Debt/Liabilities:		786,009	-	202,593	583,416
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		51,947	12,999	-	64,946
264.30	Pension Liability		46,348	-	12,922	33,426
	Total Revenue and Other (non G.O.) Debt/Liabilities:		98,295	12,999	12,922	98,372
	Total Liabilities:		884,304	12,999	215,515	681,788

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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