



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements Audit Report

# King County Fire Protection District No. 27

For the period January 1, 2021 through December 31, 2023

*Published April 17, 2025*

Report No. 1036972



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

April 17, 2025

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 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*

#### **King County Fire Protection District No. 27 January 1, 2021 through December 31, 2023**

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, 2023, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 8, 2025.

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

#### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

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

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

April 8, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **King County Fire Protection District No. 27 January 1, 2021 through December 31, 2023**

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

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of King County Fire Protection District No. 27, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of King County Fire Protection District No. 27, and its changes in cash and investments, for the years ended December 31, 2023, 2022 and 2021, on the basis of accounting described in Note 1.

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

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of King County Fire Protection District No. 27, as of December 31, 2023, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

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

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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

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

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

### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. 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 as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

April 8, 2025

## **FINANCIAL SECTION**

### **King County Fire Protection District No. 27 January 1, 2021 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
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**King County Fire Protection District No. 27**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

|   |                                | <b>Total for All<br/>Funds<br/>(Memo Only)</b> | <b>001 General</b> | <b>201 Debt Svc</b> |
|---|--------------------------------|--|--------------------|---------------------|
| <b>Beginning Cash and Investments</b>               |                                |  |                    |                     |
| 308   | Beginning Cash and Investments | 1,656,021                                      | 1,651,432          | 4,589               |
| 388 / 588   | Net Adjustments                | -  | -                  | -                   |
| <b>Revenues</b>                                     |                                |  |                    |                     |
| 310   | Taxes                          | 2,428,883                                      | 2,428,661          | 222                 |
| 320   | Licenses and Permits           | -  | -                  | -                   |
| 330   | Intergovernmental Revenues     | 245,321  | 245,321            | -                   |
| 340   | Charges for Goods and Services | 118,279  | 118,279            | -                   |
| 350   | Fines and Penalties            | -  | -                  | -                   |
| 360   | Miscellaneous Revenues         | 47,294   | 47,158             | 136                 |
| Total Revenues:                                     |                                | 2,839,777                                      | 2,839,419          | 358                 |
| <b>Expenditures</b>                                 |                                |  |                    |                     |
| 510   | General Government             | -  | -                  | -                   |
| 520   | Public Safety                  | 2,806,253                                      | 2,806,253          | -                   |
| 530   | Utilities                      | -  | -                  | -                   |
| 540   | Transportation                 | -  | -                  | -                   |
| 550   | Natural/Economic Environment   | -  | -                  | -                   |
| 560   | Social Services                | -  | -                  | -                   |
| 570   | Culture and Recreation         | -  | -                  | -                   |
| Total Expenditures:                                 |                                | 2,806,253                                      | 2,806,253          | -                   |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 33,524   | 33,166             | 358                 |
| <b>Other Increases in Fund Resources</b>            |                                |  |                    |                     |
| 391-393, 596  | Debt Proceeds                  | -  | -                  | -                   |
| 397   | Transfers-In                   | -  | -                  | -                   |
| 385   | Special or Extraordinary Items | -  | -                  | -                   |
| 381, 382, 389, 395, 398                             | Other Resources                | 15,536   | 15,536             | -                   |
| Total Other Increases in Fund Resources:            |                                | 15,536   | 15,536             | -                   |
| <b>Other Decreases in Fund Resources</b>            |                                |  |                    |                     |
| 594-595   | Capital Expenditures           | 311,933  | 311,933            | -                   |
| 591-593, 599  | Debt Service                   | -  | -                  | -                   |
| 597   | Transfers-Out                  | -  | -                  | -                   |
| 585   | Special or Extraordinary Items | -  | -                  | -                   |
| 581, 582, 589                                       | Other Uses                     | -  | -                  | -                   |
| Total Other Decreases in Fund Resources:            |                                | 311,933  | 311,933            | -                   |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>(262,873)</b>                               | <b>(263,231)</b>   | <b>358</b>          |
| <b>Ending Cash and Investments</b>                  |                                |  |                    |                     |
| 50821   | Nonspendable                   | -  | -                  | -                   |
| 50831   | Restricted                     | 4,947  | -                  | 4,947               |
| 50841   | Committed                      | -  | -                  | -                   |
| 50851   | Assigned                       | -  | -                  | -                   |
| 50891   | Unassigned                     | 1,388,199                                      | 1,388,199          | -                   |
| <b>Total Ending Cash and Investments</b>            |                                | <b>1,393,146</b>                               | <b>1,388,199</b>   | <b>4,947</b>        |

The accompanying notes are an integral part of this statement.

**King County Fire Protection District No. 27**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

|   |                                | <b>Total for All<br/>Funds<br/>(Memo Only)</b> | <b>001 General</b> | <b>201 Debt Svc</b> |
|---|--------------------------------|--|--------------------|---------------------|
| <b>Beginning Cash and Investments</b>               |                                |  |                    |                     |
| 308   | Beginning Cash and Investments | 1,659,883                                      | 1,657,481          | 2,402               |
| 388 / 588   | Net Adjustments                | -  | -                  | -                   |
| <b>Revenues</b>                                     |                                |  |                    |                     |
| 310   | Taxes                          | 2,363,152                                      | 2,361,199          | 1,953               |
| 320   | Licenses and Permits           | -  | -                  | -                   |
| 330   | Intergovernmental Revenues     | 149,250  | 149,057            | 193                 |
| 340   | Charges for Goods and Services | 97,834   | 97,834             | -                   |
| 350   | Fines and Penalties            | -  | -                  | -                   |
| 360   | Miscellaneous Revenues         | 20,109   | 20,067             | 42                  |
| Total Revenues:                                     |                                | 2,630,345                                      | 2,628,157          | 2,188               |
| <b>Expenditures</b>                                 |                                |  |                    |                     |
| 510   | General Government             | -  | -                  | -                   |
| 520   | Public Safety                  | 2,526,315                                      | 2,526,315          | -                   |
| 530   | Utilities                      | -  | -                  | -                   |
| 540   | Transportation                 | -  | -                  | -                   |
| 550   | Natural/Economic Environment   | -  | -                  | -                   |
| 560   | Social Services                | -  | -                  | -                   |
| 570   | Culture and Recreation         | -  | -                  | -                   |
| Total Expenditures:                                 |                                | 2,526,315                                      | 2,526,315          | -                   |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 104,030  | 101,842            | 2,188               |
| <b>Other Increases in Fund Resources</b>            |                                |  |                    |                     |
| 391-393, 596  | Debt Proceeds                  | -  | -                  | -                   |
| 397   | Transfers-In                   | -  | -                  | -                   |
| 385   | Special or Extraordinary Items | -  | -                  | -                   |
| 381, 382, 389, 395, 398                             | Other Resources                | 10,821   | 10,821             | -                   |
| Total Other Increases in Fund Resources:            |                                | 10,821   | 10,821             | -                   |
| <b>Other Decreases in Fund Resources</b>            |                                |  |                    |                     |
| 594-595   | Capital Expenditures           | 118,713  | 118,713            | -                   |
| 591-593, 599  | Debt Service                   | -  | -                  | -                   |
| 597   | Transfers-Out                  | -  | -                  | -                   |
| 585   | Special or Extraordinary Items | -  | -                  | -                   |
| 581, 582, 589                                       | Other Uses                     | -  | -                  | -                   |
| Total Other Decreases in Fund Resources:            |                                | 118,713  | 118,713            | -                   |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>(3,862)</b>                                 | <b>(6,050)</b>     | <b>2,188</b>        |
| <b>Ending Cash and Investments</b>                  |                                |  |                    |                     |
| 50821   | Nonspendable                   | -  | -                  | -                   |
| 50831   | Restricted                     | 4,589  | -                  | 4,589               |
| 50841   | Committed                      | -  | -                  | -                   |
| 50851   | Assigned                       | -  | -                  | -                   |
| 50891   | Unassigned                     | 1,651,432                                      | 1,651,432          | -                   |
| <b>Total Ending Cash and Investments</b>            |                                | <b>1,656,021</b>                               | <b>1,651,432</b>   | <b>4,589</b>        |

The accompanying notes are an integral part of this statement.

**King County Fire Protection District No. 27**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

|   |                                | <b>Total for All<br/>Funds<br/>(Memo Only)</b> | <b>001 General</b> | <b>201 Debt Svc</b> |
|---|--------------------------------|--|--------------------|---------------------|
| <b>Beginning Cash and Investments</b>               |                                |  |                    |                     |
| 308   | Beginning Cash and Investments | 1,709,664                                      | 1,707,019          | 2,645               |
| 388 / 588   | Net Adjustments                | -  | -                  | -                   |
| <b>Revenues</b>                                     |                                |  |                    |                     |
| 310   | Taxes                          | 2,448,781                                      | 2,285,460          | 163,321             |
| 320   | Licenses and Permits           | -  | -                  | -                   |
| 330   | Intergovernmental Revenues     | 131,250  | 131,052            | 198                 |
| 340   | Charges for Goods and Services | 39,914   | 39,914             | -                   |
| 350   | Fines and Penalties            | -  | -                  | -                   |
| 360   | Miscellaneous Revenues         | 14,911   | 14,547             | 364                 |
| Total Revenues:                                     |                                | 2,634,856                                      | 2,470,973          | 163,883             |
| <b>Expenditures</b>                                 |                                |  |                    |                     |
| 510   | General Government             | -  | -                  | -                   |
| 520   | Public Safety                  | 2,268,828                                      | 2,268,701          | 127                 |
| 530   | Utilities                      | -  | -                  | -                   |
| 540   | Transportation                 | -  | -                  | -                   |
| 550   | Natural/Economic Environment   | -  | -                  | -                   |
| 560   | Social Services                | -  | -                  | -                   |
| 570   | Culture and Recreation         | -  | -                  | -                   |
| Total Expenditures:                                 |                                | 2,268,828                                      | 2,268,701          | 127                 |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 366,028  | 202,272            | 163,756             |
| <b>Other Increases in Fund Resources</b>            |                                |  |                    |                     |
| 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:            |                                | -  | -                  | -                   |
| <b>Other Decreases in Fund Resources</b>            |                                |  |                    |                     |
| 594-595   | Capital Expenditures           | 251,811  | 251,811            | -                   |
| 591-593, 599  | Debt Service                   | 164,000  | -                  | 164,000             |
| 597   | Transfers-Out                  | -  | -                  | -                   |
| 585   | Special or Extraordinary Items | -  | -                  | -                   |
| 581, 582, 589                                       | Other Uses                     | -  | -                  | -                   |
| Total Other Decreases in Fund Resources:            |                                | 415,811  | 251,811            | 164,000             |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>(49,783)</b>                                | <b>(49,539)</b>    | <b>(244)</b>        |
| <b>Ending Cash and Investments</b>                  |                                |  |                    |                     |
| 50821   | Nonspendable                   | -  | -                  | -                   |
| 50831   | Restricted                     | 2,402  | -                  | 2,402               |
| 50841   | Committed                      | -  | -                  | -                   |
| 50851   | Assigned                       | -  | -                  | -                   |
| 50891   | Unassigned                     | 1,657,481                                      | 1,657,481          | -                   |
| <b>Total Ending Cash and Investments</b>            |                                | <b>1,659,883</b>                               | <b>1,657,481</b>   | <b>2,402</b>        |

The accompanying notes are an integral part of this statement.

# King County Fire Protection District No. 27

## Notes to the Financial Statements - For the Year Ended December 31, 2023

### **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.

### **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. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used 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 an annual appropriated budget for its general fund. The budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for this fund lapse at the fiscal year end. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting. Revisions that alter the total expenditures of a fund must be approved by the District's Board of Commissioners.

The appropriated and actual expenditures for the legally adopted budget is as follows:

| Fund         | Final Appropriated Amounts | Actual Expenditures | Variance    |
|--------------|----------------------------|---------------------|-------------|
| General Fund | \$3,005,800                | \$3,118,189         | (\$112,389) |

## King County Fire Protection District No. 27

### Notes to the Financial Statements - For the Year Ended December 31, 2023

#### **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 three 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 300 hours for uniformed bargaining unit personnel and is payable upon separation or retirement. Uniformed bargaining personnel may cash out up to 48 hours annually in excess of the 300 hour cap if they declare their intent by October of the corresponding year. Sick leave may accumulate up to 530 hours for administrative personnel. Upon separation or retirement administrative personnel do not receive payment for unused sick leave. Sick leave may accumulate up to 720 hours for uniformed bargaining unit personnel and sick leave in excess of 720 hours is paid to the employee at 25% of base pay at year end, or upon separation or retirement. Payments are recognized as expenditures when paid.

#### **G. Long-Term Debt:**

See Note 4, *Long-Term Debt*.

#### **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 Nicholson and 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 restricted resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

#### **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 Calendar |   |
|-----------------------|---|
| January 1             | Tax is levied and becomes an enforceable lien against properties.                           |
| February 14           | Tax bills are mailed.   |
| April 30              | First of two equal installment payments are due.  |
| May 31                | Assessed value of property established for next year's levy at 100 percent of market value. |
| October 31            | Second installment is due.  |

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, 2023

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

The District's regular levy rate for the year 2023 was \$0.77649 per \$1,000 on an assessed valuation of \$2,259,834,940 for a total regular levy of \$ 1,754,735.

The qualified electors of the District approved the following four-year excess levy for operations and maintenance: \$650,000 for collection in 2021, \$676,000 for collection in 2022, \$703,000 for collection in 2023, and \$731,000 for collection in 2024.

The District's excess levy rate for the year 2023 was \$0.31339 per \$1,000 on an assessed valuation of \$2,242,511,300 for a total excess levy of \$702,784.

The District's General Obligations Bond Levy completion date was 12/31/2021. In 2023, \$360 in delinquent taxes were collected from the Bond Fund. As of 12/31/2023 the delinquent tax receivable balance in the Bond Fund was \$389.

#### **Note 3 - Deposits and Investments:**

The District is a voluntary participant in the King County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. The pool does not impose liquidity fees or redemption gates on participant withdrawals.

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, 2023, the District had the following investments:

| <u>Investment Type</u>      | <u>Fair Value</u> | <u>Effective Duration</u> |
|-----------------------------|-------------------|---------------------------|
| King County Investment Pool | \$1,398,607       | .79 years                 |

Impaired Investments. As of December 31, 2023, 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 \$623 and the District's fair value of these investments is \$272.

Interest Rate Risk. As of December 31, 2023, the Pool's average duration was .79 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, 2023, 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

## King County Fire Protection District No. 27

### Notes to the Financial Statements - For the Year Ended December 31, 2023

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 – Long - Term Debt:**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2023.

#### **General Obligation Bonds**

The debt service requirements for the District's 20-year General Obligation Bonds that were issued in December of 2001, refunded in December of 2012, have been fully paid as of December 1, 2021. The District continues to collect the delinquent tax revenues that are outstanding in the Bond fund.

#### **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 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](http://www.drs.wa.gov).

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

As of June 30, 2023 (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 | 3,068                  | .000450%     | 10,272            |
| PERS 2/3    | 5,114                  | .000582%     | (23,854)          |
| LEOFF 2     | 83,673                 | .037070%     | (889,160)         |
| VFFRPF      | 240                    | .137812%     | (27,467)          |

#### **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

## King County Fire Protection District No. 27

### Notes to the Financial Statements - For the Year Ended December 31, 2023

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.

As of December 31, 2023, the District had the following participation in the PEBB program.

|                                |           |
|--------------------------------|-----------|
| Number of Active Plan Members  | 15        |
| Number of Retired Plan Members | 1         |
| Contributions Made             | \$12,698  |
| *Total OPEB Liability          | \$281,662 |

*\*Measured using the alternative measurement method.*

#### **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 and 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 2023 was \$41,659. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.

# King County Fire Protection District No. 27

## Notes to the Financial Statements - For the Year Ended December 31, 2022

### **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.

### **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. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used 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 an annual appropriated budget for its general fund. The budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for this fund lapse at the fiscal year end. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting. Revisions that alter the total expenditures of a fund must be approved by the District's Board of Commissioners.

The appropriated and actual expenditures for the legally adopted budget is as follow:

| Fund         | Final Appropriated Amounts | Actual Expenditures | Variance  |
|--------------|----------------------------|---------------------|-----------|
| General Fund | \$2,772,000                | \$2,645,028         | \$126,972 |

# **King County Fire Protection District No. 27**

## **Notes to the Financial Statements - For the Year Ended December 31, 2022**

### **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, *Long-Term Debt*.

### **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 Nicholson and 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 restricted resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

### **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 2022 was \$1.01462 per \$1,000 on an assessed valuation of \$1,674,715,588 for a total regular levy of \$ 1,699,226.

The qualified electors of the District approved the following four-year excess levy for operations and maintenance: \$650,000 for collection in 2021, \$676,000 for collection in 2022, \$703,000 for collection in 2023, and \$731,000 for collection in 2024.

The District's excess levy rate for the year 2022 was \$0.40656 per \$1,000 on an assessed valuation of \$1,662,226,888 for a total excess levy of \$675,800.

The District's General Obligations Bond Levy completion date was 12/31/2021. In 2022 \$2,230 in delinquent taxes were collected from the Bond Fund. As of 12/31/2022 the delinquent tax receivable balance in the Bond Fund was \$752.

# King County Fire Protection District No. 27

## Notes to the Financial Statements - For the Year Ended December 31, 2022

### **Note 3 - Deposits and Investments:**

The District is a voluntary participant in the King County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with [RCW 36.48.070](#). The District reports its investment in the pool at fair value which is the same as the value of the pool per share. The pool does not impose liquidity fees or redemption gates on participant withdrawals.

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, 2022, the District had the following investments:

| <u>Investment Type</u>      | <u>Fair Value</u> | <u>Effective Duration</u> |
|-----------------------------|-------------------|---------------------------|
| King County Investment Pool | \$1,612,803       | .99 years                 |

**Impaired Investments.** As of December 31, 2022, 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 \$746 and the District's fair value of these investments is \$418.

**Interest Rate Risk.** As of December 31, 2022, the Pool's average duration was .99 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, 2022, 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 – Long - Term Debt:**

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, 2022.

#### **General Obligation Bonds**

The debt service requirements for the District's 20-year General Obligation Bonds that were issued in December of 2001, refunded in December of 2012, have been fully paid as of December 1, 2021.

## King County Fire Protection District No. 27

### Notes to the Financial Statements - For the Year Ended December 31, 2022

#### **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 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](http://www.drs.wa.gov).

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

As of June 30, 2022 (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 | 2,917                  | .000476%     | 13,254            |
| PERS 2/3    | 4,974                  | .000619%     | (22,957)          |
| LEOFF 2     | 72,475                 | .035007%     | (951,385)         |
| VFFRPF      | 360                    | .189334%     | (53,513)          |

#### **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 15 active plan members and 2 retired plan members as of December 31, 2022. As of December 31, 2022, the District's total OPEB liability is \$446,025 as calculated using the alternative measurement method. The District contributed \$14,058 to the plan for the year ended December 31, 2022.



## **King County Fire Protection District No. 27**

### **Notes to the Financial Statements - For the Year Ended December 31, 2022**

#### **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 2022 was \$34,378. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.



## **King County Fire Protection District No. 27**

### **Notes to the Financial Statements – For the Year Ended December 31, 2021**

#### **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.

#### **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. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used 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. The District's Debt Service Fund receives tax revenues that are restricted to paying the principal and interest on the District's 20-year General Obligation Bonds that were issued in December of 2001, refunded in December of 2012, and have been fully paid as of December 1, 2021.

#### **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. Revisions that alter the total expenditures of a fund must be approved by the District's Board of Commissioners.

## King County Fire Protection District No. 27

### Notes to the Financial Statements – For the Year Ended December 31, 2021

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

| Fund              | Final Appropriated Amounts | Actual Expenditures | Variance |
|-------------------|----------------------------|---------------------|----------|
| General Fund      | \$2,579,700                | \$2,520,512         | \$59,188 |
| Debt Service Fund | \$164,000                  | \$164,127           | \$ (127) |

#### **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, *Long-Term Debt*.

#### **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 Nicholson and 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 restricted 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 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, 2021

The District's regular levy rate for the year 2021 was \$1.16247 per \$1,000 on an assessed valuation of \$1,415,529,566 for a total regular levy of \$ 1,645,517.

The qualified electors of the District approved the following four-year excess levy for operations and maintenance: \$650,000 for collection in 2021, \$676,000 for collection in 2022, \$703,000 for collection in 2023, and \$731,000 for collection in 2024.

The District's excess levy rate for the year 2021 was \$0.46260 per \$1,000 on an assessed valuation of \$1,404,590,250 for a total excess levy of \$649,768.

The District's General Obligations Bond levy rate for the year 2021 was \$ 0.05971 per \$1,000 on an assessed valuation of \$2,746,171,329 for a total levy of \$163,939.

#### **Note 3 - Deposits and Investments:**

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

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, 2021, the District had the following investments:

| <u>Investment Type</u>      | <u>Fair Value</u> | <u>Effective Duration</u> |
|-----------------------------|-------------------|---------------------------|
| King County Investment Pool | \$1,656,001       | 1.24 years                |

**Impaired Investments.** As of December 31, 2021, 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 \$873 and the District's fair value of these investments is \$640.

**Interest Rate Risk.** As of December 31, 2021, the Pool's average duration was 1.24 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, 2021, 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

## King County Fire Protection District No. 27

### Notes to the Financial Statements – For the Year Ended December 31, 2021

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 – Long - Term Debt:**

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, 2021.

#### **General Obligation Bonds**

The debt service requirements for the District’s 20-year General Obligation Bonds that were issued in December of 2001, refunded in December of 2012, have been fully paid as of December 1, 2021.

#### **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 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](http://www.drs.wa.gov).

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

As of June 30, 2021 (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 | 3,608                  | .000484%     | 5,911             |
| PERS 2/3    | 5,900                  | .000623%     | (62,061)          |
| LEOFF 2     | 67,330                 | .033776%     | (1,961,850)       |
| VFFRPF      | 390                    | .200494%     | (44,119)          |

#### **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

## **King County Fire Protection District No. 27**

### **Notes to the Financial Statements – For the Year Ended December 31, 2021**

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 15 active plan members and 2 retired plan members as of December 31, 2021. As of December 31, 2021, the District's total OPEB liability was \$556,936 as calculated using the alternative measurement method. The District contributed \$10,287 to the plan for the year ended December 31, 2021.

#### **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 2021 was \$33,860. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.

#### **Note 8 – COVID-19 Pandemic:**

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. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions. The District proactively implemented safety measures and responded to the Governor's emergency orders with the appropriate policy and procedural changes necessary.

While some public activities had been limited, the District continued to operate all major functions and perform its operations of providing fire protection and emergency services to the community that it serves. Management continues to monitor the situation for any operational or financial effects and is ready to respond as needed. To date, the District has not experienced any major financial impacts due to the pandemic and remains economically stable and continues to adapt to the changing conditions.

King County Fire Protection District No. 27  
Schedule of Liabilities  
For the Year Ended December 31, 2023

| ID. No.   | Description           | Due Date   | Beginning Balance | Additions     | Reductions     | Ending Balance |
|---|-----------------------|------------|-------------------|---------------|----------------|----------------|
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>        |                       |            |                   |               |                |                |
| 259.12  | Compensated Absences  | 12/31/2023 | 89,070            | 36,828        | -              | 125,898        |
| 264.30  | Net Pension Liability | 12/31/2023 | 13,254            | -             | 2,982          | 10,272         |
| 264.40  | OPEB Liability        | 12/31/2023 | 446,025           | -             | 164,363        | 281,662        |
| <b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b> |                       |            | <b>548,349</b>    | <b>36,828</b> | <b>167,345</b> | <b>417,832</b> |
| <b>Total Liabilities:</b>                                   |                       |            | <b>548,349</b>    | <b>36,828</b> | <b>167,345</b> | <b>417,832</b> |

**King County Fire Protection District No. 27**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2022**

| ID. No.   | Description           | Due Date | Beginning Balance | Additions     | Reductions     | Ending Balance |
|---|-----------------------|----------|-------------------|---------------|----------------|----------------|
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>        |                       |          |                   |               |                |                |
| 259.12  | Compensated Absences  |          | 59,421            | 29,649        | -              | 89,070         |
| 264.30  | Net Pension Liability |          | 5,911             | 7,343         | -              | 13,254         |
| 264.40  | OPEB Liability        |          | 556,936           | -             | 110,911        | 446,025        |
| <b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b> |                       |          | <b>622,268</b>    | <b>36,992</b> | <b>110,911</b> | <b>548,349</b> |
| <b>Total Liabilities:</b>                                   |                       |          | <b>622,268</b>    | <b>36,992</b> | <b>110,911</b> | <b>548,349</b> |

**King County Fire Protection District No. 27**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2021**

| <b>ID. No.</b>  | <b>Description</b>   | <b>Due Date</b> | <b>Beginning Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending Balance</b> |
|---|----------------------|-----------------|--------------------------|------------------|-------------------|-----------------------|
| <b>General Obligation Debt/Liabilities</b>                  |                      |                 |                          |                  |                   |                       |
| 251.12  | GO Bonds Voted       | 12/1/2021       | 160,000                  | -                | 160,000           | -                     |
| <b>Total General Obligation Debt/Liabilities:</b>           |                      |                 | <b>160,000</b>           | <b>-</b>         | <b>160,000</b>    | <b>-</b>              |
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>        |                      |                 |                          |                  |                   |                       |
| 259.12  | Compensated Absences |                 | 67,632                   | -                | 8,211             | 59,421                |
| 264.30  | Pension Liability    |                 | 25,120                   | -                | 19,209            | 5,911                 |
| 264.40  | OPEB Liability       |                 | 450,815                  | 106,121          | -                 | 556,936               |
| <b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b> |                      |                 | <b>543,567</b>           | <b>106,121</b>   | <b>27,420</b>     | <b>622,268</b>        |
| <b>Total Liabilities:</b>                                   |                      |                 | <b>703,567</b>           | <b>106,121</b>   | <b>187,420</b>    | <b>622,268</b>        |



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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.

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