Office of the Washington State Auditor

Pat McCarthy

Financial Statements Audit Report

Enumclaw Fire Department

For the period January 1, 2016 through December 31, 2017

Published December 27, 2018

Report No. 1022809

Office of the Washington State Auditor
Pat McCarthy

December 27, 2018

Board of Commissioners
Enumclaw Fire Department
Enumclaw, Washington

Report on Financial Statements

Please find attached our report on Enumclaw Fire Department's financial statements.

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

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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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*

Enumclaw Fire Department
January 1, 2016 through December 31, 2017

Board of Commissioners
Enumclaw Fire Department
Enumclaw, 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 Enumclaw Fire Department, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Department's financial statements, and have issued our report thereon dated December 7, 2018.

We issued an unmodified opinion on the fair presentation of the Department'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 Department using accounting practices prescribed by Washington State statutes 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 Department'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 Department's financial statements are free from material misstatement, we performed tests of the Department'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 Department'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 Department'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.

Pat McCarthy

State Auditor

Olympia, WA

December 7, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Enumclaw Fire Department
January 1, 2016 through December 31, 2017

Board of Commissioners
Enumclaw Fire Department
Enumclaw, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Enumclaw Fire Department, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Department's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes 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 an opinion 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 Department'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 Department'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, Enumclaw Fire Department has prepared these financial statements to meet the financial reporting requirements of Washington State statutes 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 financial position and results of operations of Enumclaw Fire Department, for the years ended December 31, 2017 and 2016, 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 Department 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 Enumclaw Fire Department, as of December 31, 2017 and 2016, or the changes in financial position or cash flows 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.

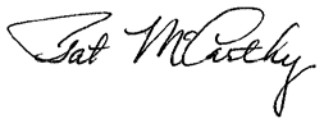
Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion 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 December 7, 2018 on our consideration of the Department'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 Department's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

December 7, 2018

FINANCIAL SECTION

Enumclaw Fire Department
January 1, 2016 through December 31, 2017

FINANCIAL STATEMENTS

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Enumclaw Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 General	100 Special	300 Capital
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	692,917	678,779	14,138	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	3,807,792	3,807,792	-	-
320	Licenses and Permits	13,350	13,350	-	-
330	Intergovernmental Revenues	50,698	11,493	-	39,205
340	Charges for Goods and Services	421,165	419,842	-	1,323
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	14,102	12,822	161	1,119
Total Revenues:		4,307,107	4,265,299	161	41,647
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,355,432	3,351,237	4,178	17
Total Expenditures:		3,355,432	3,351,237	4,178	17
Excess (Deficiency) Revenues over Expenditures:		951,675	914,062	(4,017)	41,630
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	691,161	56,156	-	635,005
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	5,701	5,701	-	-
381, 395, 398	Other Resources	3,266	3,266	-	-
Total Other Increases in Fund Resources:		700,128	65,123	-	635,005
Other Decreases in Fund Resources					
594-595	Capital Expenditures	74,461	67,355	-	7,106
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	691,162	635,005	5,063	51,094
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	261	261	-	-
Total Other Decreases in Fund Resources:		765,884	702,621	5,063	58,200
Increase (Decrease) in Cash and Investments:		**885,919**	**276,564**	**(9,080)**	**618,435**
Ending Cash and Investments					
5081000	Reserved	618,434	-	-	618,434
5088000	Unreserved	960,404	955,345	5,059	-
Total Ending Cash and Investments		**1,578,838**	**955,345**	**5,059**	**618,434**

The accompanying notes are an integral part of this statement.

Enumclaw Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		Total for All Funds (Memo Only)	001 General	100 Special
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	564,666	531,179	33,487
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	2,528,518	2,528,518	-
320	Licenses and Permits	8,930	8,930	-
330	Intergovernmental Revenues	122,443	122,443	-
340	Charges for Goods and Services	376,473	376,473	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	7,853	7,599	254
Total Revenues:		3,044,217	3,043,963	254
Expenditures				
510	General Government	-	-	-
520	Public Safety	2,854,221	2,843,391	10,830
Total Expenditures:		2,854,221	2,843,391	10,830
Excess (Deficiency) Revenues over Expenditures:		189,996	200,572	(10,576)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	8,773	8,773	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	300	300	-
381, 395, 398	Other Resources	61	61	-
Total Other Increases in Fund Resources:		9,134	9,134	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	56,065	56,065	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	8,773	-	8,773
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	6,041	6,041	-
Total Other Decreases in Fund Resources:		70,879	62,106	8,773
Increase (Decrease) in Cash and Investments:		**128,251**	**147,600**	**(19,349)**
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	692,917	678,779	14,138
Total Ending Cash and Investments		**692,917**	**678,779**	**14,138**

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The King County Fire District #28 was incorporated in 1946 and operates under the laws of the state of Washington applicable to a fire district. The District is a special purpose local government and provides fire protection and emergency services to the general public.

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 government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund (100280010)

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

Special Revenue Funds (100286030)

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds (100283010)

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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

C. Budgets

The District adopts annual appropriated budgets for General, Special Rescue, and Capital Outlay funds. 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 were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	$4,211,695	$4,054,668	$157,027
Special Rescue Fund:	$10,028	$9,240	$788
Capital Outlay Fund:	$64,600	$58,217	$6,383

Any revisions that alter the appropriated 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 Board of Commissioners. The District hired three additional firefighter positions in May of 2017, these position were approved in the adopted budget. The following budget amendments were approved by the Board of Commissioners in 2017; Additional $35,000 in expenditures for Operating Fund for PSRFA apparatus service contract; Additional $64,600 in expenditures for Capital Outlay Fund for bunker gear, a skid unit, a power cot, patient care reporting devices, and an office printer/scanner/fax machine.

D. Cash and Investments

See Note 2, 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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 500 hours and is payable upon separation or retirement. The District's liability for vacation pay benefits on December 31, 2017 was $170,676.35. Payments are recognized as expenditures when paid.

Sick leave may be accumulated up to 1352 hours for union employees and up to 1056 hours for non-union employees. Upon separation or retirement employees receive payment for unused sick leave at the rate of .50 on the dollar; union employees must have 8 years of service at the time of separation to receive payout of accrued sick leave. The District's liability for unused sick leave on December 31, 2017 was $145,169.37. Payments are recognized as expenditures when paid.

Compensatory leave may be accumulated up to 90 hours for union employees and 60 hours for non-union employees. Compensatory leave is payable upon separation or retirement. Employees have the option to cash out compensatory hours each November. The District's liability for unused compensatory hours on December 31, 2017 was $75.30. Payments are recognized as expenditures when paid.

G. 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 the District's Board of Commissioners. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Note 2 - Deposits and Investments

The King County Treasurer performs all investment activities for the District and holds all investment details. As of December 31, 2017 $1,578,838.62 is held by the King County Treasurer for King County Fire District #28.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or its agent in the government's name.

Note 3 - Property Tax

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

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

The District's regular levy for the year 2017 was $1.50 per $1,000 on an assessed valuation of $2,327,708,125 for a total regular levy of $3,491,562.

Note 5 - Pension Plans

A. State Sponsored Pension Plans

Substantially all District's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans; LEOFF 2 & PERS 2.

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

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

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

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

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.

At June 30, 2017, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	$4,310.94	0.000717%	$34,022
PERS 2/3	$5,630.28	0.000922%	$32,035
LEOFF 2	$89,345.13	0.056557%	($784,828)

LEOFF Plan 2
The District also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Local Government Pension Plans

Note 6 - Risk Management

The King County Fire Protection District #28 is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2017, there are 201 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision; Equipment Breakdown; and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of $100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of $25,000. The standard member deductible is $1,000 for each claim (deductible may vary per member), while the program is responsible for the $100,000 self-insured retention. Insurance carriers cover insured losses over $101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the $100,000 of the selfinsured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of $1,784,067.00.

Property insurance is subject to a per-occurrence self-insured retention of $25,000. Members are responsible for a $1,000 deductible for each claim. The program bears the $25,000 self-insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a $10,000 member deductible and $40,000 self-insured retention for systems using encryption and $50,000 member deductible and $50,000 self-insured retention for those without encryption.

Equipment Breakdown insurance is subject to a per-occurrence deductible of $2,500, which may vary per member, with the exception of Pumps & Motors, which is $10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is $15,000 and is covered by CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of

termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2017, were $1,501,903.83.

Note 7 - Other Disclosures

There is no additional information to disclose for 2017.

Prepared on 05/08/2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The King County Fire Protection District #28 was incorporated in 1946 and operates under the laws of the state of Washington applicable to a fire district. The District is a special purpose local government and provides fire protection and emergency services to the general public.

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 government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund (100280010)
This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Rescue Fund (100286030) - Special Revenue Fund
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

B. Basis of Accounting and Measurement Focus
Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets
The District adopts annual appropriated budgets for General and Special Rescue funds. 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 were as follow:

Fund Name	Appropriated Expenditures	Actual Expenditures	Variance

Genral Fund	$3,242,915.00	$2,898,537.13	$344,377.87
Special Rescue Fund	$35,252.31	$19,602.81	$15,649.50
Totals	$3,278,167.31	$2,918,139.94	$360,027.37

Any revisions that alter the appropriated 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 Board of Commissioners. There were no changes to employment conditions during the 2016 fiscal year. The following budget amendments were approve by the Board in 2016; Additional $12,000 in expenditures for State Auditor's Office bi-annual audit services, additional $1,775 in expenditures for Fire Marshal and Training Coordinator cell phones, and additional $10,000 in expenditures for South King County Training Consortium membership.

D. Cash and Investments
See Note 2, 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 1 year. Capital assets and inventory are recorded as capital expenditures when purchased. There were no capital assets purchased in 2016.

F. Compensated Absences
Vacation leave may be accumulated up to 500 hours and is payable upon separation or retirement. The District's liability for vacation pay benefits on December 31, 2016, was $159,094. Payments are recognized as expenditures when paid.

Sick leave may be accumulated up to 1352 hours for union employees and up to 1056 hours for non-union employees. Upon separation or retirement employees receive payment for unused sick leave at the rate of .50 on the dollar; union employees must have 8 years of service at the time of separation to receive payout of accrued sick leave. The District's liability for unused sick leave on December 31, 2016, was $140,971. Payments are recognized as expenditures when paid.

Compensatory leave may be accumulated up to 90 hours for union employees and 60 hours for non-union employees. Compensatory leave is payable upon separation or retirement. Employees have the option to cash out compensatory hours each November. The District's liability for unused compensatory hours on December 31, 2016, was $2,735. Payments are recognized as expenditures when paid.

G. Long-Term Debt
See Note 4, Debt Service Requirements.

H.Other Financing Sources and Uses
The District's Other Financing Sources or Uses consist of one insurance reimbursement payment for damage done to the Chief's truck. The Special Rescue Fund transfered $8,773.22 to the General Fund to cover the expenditures associated with special rescue training and small equipment purchases.

I. Risk Management
The King County Fire District #28 is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase

insurance and administrative services. As of December 1, 2016, there are 205 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of $100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of $25,000. The standard member deductible is $1,000 for each claim (deductible may vary per member), while the program is responsible for the $100,000 self-insured retention. Insurance carriers cover insured losses over $101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the $100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of $1,718,302.

Property insurance is subject to a per-occurrence self-insured retention of $25,000. Members are responsible for a $1,000 deductible for each claim. The program bears the $25,000 self-insured retention, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of $2,500, which may vary per member, with the exception of Pumps & Motors, which is $10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is $15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2016, were $1,484,482.16.

Financial Statements for CIAW can be requested from info@CIAW.US.

The King County Fire District #28 is a member of the LEOFF Trust. Established in 1986, the Law Enforcement Officers and Firefighters Health and Welfare Trust provides medical and vision health insurance for both LEOFF I and LEOFF II active and retired members who fall under the LEOFF Pension System, along with their dependents. The LEOFF Trust provides medical benefits through self-funding with reinsurance for specific stop-loss and aggregate loss protection. The LEOFF Trust is an independent legal entity not governed by any other group or organization. Dental insurance is provided by Delta Dental of Washington.

The King County Fire Protection District #28 self-insures Unemployment Compensation through Employment Security Department as a reimbursable business classification. In 2016, King County Fire District #28 had no unemployment payments.

The accompanying Risk Management Schedule (21) provides additional details.

J. 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 the Board of Commissioners for King County Fire District #28. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

There are currently no reservations of Ending Cash and Investments in the General Fund.

NOTE 2 – DEPOSITS & INVESTMENTS
The King County Treasurer performs all investment activities for the District and holds all investment details. As of December 31, 2016 $692,917.77 is held by the King County Treasurer for King County Fire District #28.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or its agent in the government's name.

NOTE 3 - PROPERTY TAX
The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed throughout 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 taxes are levied.

The District regular levy for the year 2015 for collection in 2016 was $1.02494 per $1,000 on an assessed valuation of $2,154,831,509 for a total regular levy of $2,208,566. In 2016, the District had no additional amount levied.

NOTE 4 - DEBT SERVICE REQUIREMENTS
Debt Service:
The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year 2016. The debt service requirements are as follows:

	Principal	Interest	Total
2016	$54,553.82	$1,511.45	$56,065.27
Totals	$54,553.82	$1,511.45	$56,065.27

The District has no outstanding debt as of December 31, 2016.

NOTE 5 - PENSION PLANS
Substantially all King County Fire District #28's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: LEOFF 2 & PERS 2.

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

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

Department of Retirement Systems

Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

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

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.

At June 30, 2016, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation	Liability/(Asset)
PERS 1 UAAL	.000787%	42,266
PERS 2/3	.001009%	50,802
LEOFF 2	.049050%	(285,290)
VFFRPF		

LEOFF Plan 2
The District also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

NOTE 6 - OTHER DISCLOSURES
There is no additional information to disclose for 2016.

Prepared on 05/23/2017

Enumclaw Fire Department
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensatory Time	12/31/2017	2,735	75	2,735	75
259.12	Sick Leave	12/31/2017	140,971	11,788	7,589	145,169
259.12	Vacation Leave	12/31/2017	159,094	19,620	8,038	170,676
264.30	Pension Liability		93,068	-	27,011	66,057
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**395,868**	**31,483**	**45,373**	**381,978**
	Total Liabilities:		**395,868**	**31,483**	**45,373**	**381,978**

Enumclaw Fire Department
Schedule of Liabilities
For the Year Ended December 31, 2016

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensatory Time	12/31/2016	3,680	2,210	3,155	2,735
259.12	Sick Leave	12/31/2016	124,891	47,503	31,424	140,971
259.12	Vacation Leave	12/31/2016	175,749	20,932	37,587	159,094
263.62	Property Purchase	11/1/2016	54,554	-	54,554	-
264.30	Pension Liability		92,195	873	-	93,068
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**451,069**	**71,518**	**126,719**	**395,868**
	Total Liabilities:		**451,069**	**71,518**	**126,719**	**395,868**

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov