



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Pierce County Fire Protection District No. 18

For the period January 1, 2020 through December 31, 2021

Published March 13, 2023

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

March 13, 2023

Board of Commissioners
Pierce County Fire Protection District No. 18
Orting, Washington

Report on Financial Statements

Please find attached our report on Pierce County Fire Protection District No. 18's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive.

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*

Pierce County Fire Protection District No. 18 January 1, 2020 through December 31, 2021

Board of Commissioners
Pierce County Fire Protection District No. 18
Orting, 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 Pierce County Fire Protection District No. 18, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 15, 2023.

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.

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

February 15, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Pierce County Fire Protection District No. 18 January 1, 2020 through December 31, 2021

Board of Commissioners
Pierce County Fire Protection District No. 18
Orting, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Pierce County Fire Protection District No. 18, as of and for the years ended December 31, 2021 and 2020, 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 Pierce County Fire Protection District No. 18, and its changes in cash and investments, for the years ended December 31, 2021 and 2020, 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 Pierce County Fire Protection District No. 18, as of December 31, 2021 and 2020, 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.

Matters of Emphasis

As discussed in Note 3 to the 2021 and 2020 financial statements, as a result of the COVID-19 pandemic, the full extent of the direct or indirect financial impact on the District is unknown at this time. Our opinion is not modified with respect to this matter.

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 taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 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

February 15, 2023

FINANCIAL SECTION

Pierce County Fire Protection District No. 18 January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
Notes to Financial Statements – 2021
Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020

Pierce County Fire Protection District No. 18
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 Expense Fund	203 Go Bond
Beginning Cash and Investments				
308	Beginning Cash and Investments	2,721,217	2,721,217	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	4,747,400	4,747,400	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	260,931	260,931	-
340	Charges for Goods and Services	893,760	893,760	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	196,230	196,230	-
Total Revenues:		6,098,321	6,098,321	-
Expenditures				
510	General Government	-	-	-
520	Public Safety	5,137,933	5,137,933	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		5,137,933	5,137,933	-
Excess (Deficiency) Revenues over Expenditures:		960,388	960,388	-
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	187,493	-	187,493
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	24,069	24,069	-
Total Other Increases in Fund Resources:		211,562	24,069	187,493
Other Decreases in Fund Resources				
594-595	Capital Expenditures	125,445	125,445	-
591-593, 599	Debt Service	234,064	46,571	187,493
597	Transfers-Out	187,493	187,493	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	(3,430)	(3,430)	-
Total Other Decreases in Fund Resources:		543,572	356,079	187,493
Increase (Decrease) in Cash and Investments:		628,378	628,378	-
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	3,349,600	3,349,600	-
Total Ending Cash and Investments		3,349,600	3,349,600	-

Pierce County Fire Protection District No. 18
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 Expense Fund	203 Go Bond
Beginning Cash and Investments				
308	Beginning Cash and Investments	2,732,741	2,732,741	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	4,531,225	4,531,225	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	320,895	320,895	-
340	Charges for Goods and Services	732,345	732,345	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	107,863	107,863	-
Total Revenues:		5,692,328	5,692,328	-
Expenditures				
510	General Government	-	-	-
520	Public Safety	4,442,126	4,442,126	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		4,442,126	4,442,126	-
Excess (Deficiency) Revenues over Expenditures:		1,250,202	1,250,202	-
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	186,662	-	186,662
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	5,437	5,437	-
Total Other Increases in Fund Resources:		192,099	5,437	186,662
Other Decreases in Fund Resources				
594-595	Capital Expenditures	788,173	788,173	-
591-593, 599	Debt Service	491,441	304,779	186,662
597	Transfers-Out	186,662	186,662	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	(12,445)	(12,445)	-
Total Other Decreases in Fund Resources:		1,453,831	1,267,169	186,662
Increase (Decrease) in Cash and Investments:		(11,530)	(11,530)	-
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	2,721,217	2,721,217	-
Total Ending Cash and Investments		2,721,217	2,721,217	-

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Pierce County Fire District No. 18 was incorporated in 1954 and operates under the laws of the state of Washington applicable to a District. The district is a special purpose local government and provides fire protection and EMS services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to 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 presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

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.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 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. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 336 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 2160 hours and 25% of the 2160 unused sick leave is payable upon separation or retirement.

The administrative staff may accumulate up to 400 hours of vacation and is payable upon separation or retirement. Sick leave may be accumulated up to 1,440 hours and 50% of the unused sick leave is payable upon separation or retirement.

Payments are recognized as expenditures when paid.

The total cost of compensated absences at the end of 2021 is \$468,644.22

F. Long-Term Debt

See Note 5 – *Debt Service Requirements*.

Note 2 - Budget Compliance

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
Expense Fund	5,951,324	5,494,007	457,317
Reserve Fund	600,000	-	600,000
GO Bond	-	187,493	(187,493)
Total	6,551,324	5,681,500	869,824

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

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

The GO Bond Fund is a zero-balance fund, the expenses are accounted for in the Expense Fund. The Reserve Fund balance is accounted for each year when budgets are adopted. The variance in the Expense account is only \$157,317, as \$300,000 was accounted for and transferred from the Expense Fund to the Reserve Fund. The variance is due to multiple items not being billed for and/or paid within the 2021 calendar year.

Note 3 – 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 new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the district is unknown at this time.

Note 4 – Deposits and Investments

Investments are reported fair value. Deposits and investments by type at December 31, 2021 are as follows:

Type of Deposit or Investment	(City/Town/District)'s own deposits & investments		Deposits & investments held by the (City,Town/District) as custodian for other local governments, individuals, or private organizations.	Combined
Checking account balances		3,349,599		3,349,599
	<i>Totals</i>	3,349,599	0	3,349,599

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The district's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the district or its agent in the government's name.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

Note 5 – Long-Term Debt *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds, revenue bonds and capital leases are as follows:

Year	Principal	Interest	Total Debt Service
2022	184,205	49,429	233,634
2023	188,748	44,557	233,305
2024	193,354	39,554	232,908
2025	199,025	34,418	233,443
2026	204,763	29,122	233,885
2027-2031	855,000	80,256	935,256
2032-2036	183,000	4,172	187,172
2037-2041			0
2042-2046			0
2047-2051			0
2052-2056			0
2057-2061			0
Totals	2,008,095	281,509	2,289,604

Note 6 – Pension Plans

A. State Sponsored Pension Plans

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

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:

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

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, 2020 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	4,057.02	0.000545%	1,221,234,000	6,656	
PERS 2/3	6,624.94	0.000699%	-9,961,609,000		(69,632)
LEOFF 2	114,831.66	0.057524%	-5,808,414,000		(3,341,232)
VFFRPF	150	0.080000%			(16,969)
		<i>Totals</i>		\$ 6,656	\$ (3,427,833)

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. Defined Contribution Pension Plans

457 (b) Deferred Compensation

The District provides up to a 4% match of each full-time employee's annual salary.

Medical Expense Reimbursement Plan

The District provides \$75.00 per month of each full-time employee.

The District's portion for 2021 was as follows:

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution
MERP 2021	Vimly Benefit Solution	DCP	Medical Expense Reimbursement Plan	24	0	20,700
Pierce County Fire District 18 457 (b)	Spectrum Pension Consultants	DCP	457 (b) Deferred Compensation	28	0	89,848

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

Note 7- Property Tax

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

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

The district's regular levy for the year 2021 was \$1.4604 per \$1,000 on an assessed valuation of \$2,019,708,251 for a total regular levy of \$2,949,634.79.

The district's EMS levy for the year 2021 was \$0.4869 per \$1,000 on an assessed valuation of \$2,027,045,282 for a total additional EMS levy of \$987,107.99.

The district's Maintenance & Operations levy for the year 2021 was \$0.4116 per \$1,000 on an assessed valuation of \$2,003,961,357 for a total regular levy of \$825,000.

Note 8 – Risk Management

Pierce County FPD #18 is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

Property ⁽²⁾:

Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense ⁽⁴⁾ (EE)	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾:				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
Automobile Damage⁽⁶⁾	Physical Per Occurrence	\$25,000; \$100,000 Emergency Vehicles	for \$800 million	\$250 - \$1,000
Crime Blanket⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Note 9 – Other Disclosures

A. Interlocal Agreements

1. East Pierce Fire & Rescue-for reciprocity of EMS Levy Transport Mutual Aid Responses
2. Graham Fire & Rescue-for reciprocity of EMS Levy Transport Mutual Aid Responses
3. Graham Fire & Rescue-for joint training
4. Orting School District-for the use of a portion of Station 43 to operate a radio and antenna in an emergency
5. East Pierce Fire & Rescue and Central Pierce Fire & Rescue- to collaborate on Swiftwater rescues, to include automatic aid and training.
6. Washington State Military Department- for interstate mutual aid according to the model presented in the National Strategy for Homeland Security
7. Kent Fire Department Regional Fire Authority – for the cooperative purchase of materials, supplies, and equipment.
8. Pierce County – to provide mutual aid within all Pierce County fire districts; city and town fire departments, and military fire departments.
9. WA State Department of Natural Resources- to provide for mutual assistance and cooperation in the control and suppression of forest land fire.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2021

10. WA State Department of Natural Resources-to store its wildland engine at Orting Valley Fire and Rescue Station #42, 19207 Patterson Rd, Orting, WA 98360.
11. WA State Patrol- to provide for the reimbursement of allowable Fire Agency costs incurred while its assets are mobilized.
12. WA State Department of Enterprise Services-to purchase goods and services for its direct use under contracts entered into by DES that permit such use.
13. HGAC Buy-cooperative purchase of materials, supplies and equipment.
14. National Purchasing Partners-to contract with governmental bodies and Vendors to perform functions and services, including the purchase of goods and services.
15. Central Pierce Fire & Rescue-for the use of training facilities.
16. East Pierce Fire & Rescue- purchasing of EMS supplies.
17. Graham Fire & Rescue-for the temporary use of rolling stock.
18. South Puget Sound Fire Coordinating Group-to provide fire training, qualification and certification in the DNR South Puget Sound Region.
19. Tacoma Public School District-forest management services through firefighting training activities.
20. NASH Cascadia Verde, LLC- conduct supervised fire and emergency management training activities.
21. King County Fire District No. 28- to provide Water Tender operations and assistance.
22. Okanogan County-to provide emergency response and recovery assistance.
23. West Pierce Fire & Rescue-to purchase one or more ambulances on a 2019/2020 Dodge 4500 ST Type 1 ambulance prep chassis and module
24. Graham Fire & Rescue-for fleet mechanic services
25. WA State Department of Natural Resources- to address the terms and conditions for all federal excess property sub-loaned by DNR and the transfer of firefighting and emergency service property.
26. East Pierce Fire and Rescue, Central Pierce Fire and Rescue, West Pierce Fire and Rescue, Graham Fire, South Pierce Fire and Rescue and Key Peninsula Fire-for the purpose of sharing emergency service "equipment and apparatus"
27. East Pierce Fire and Rescue, Central Pierce Fire and Rescue, West Pierce Fire and Rescue, Graham Fire, South Pierce Fire and Rescue, Key Peninsula Fire, Dupont Fire, and Gig Harbor Fire, -for the purpose of sharing response teams during an emergency.
28. Lake Stevens Fire & Snohomish County Fire-for the cooperative purchase of EMS supplies.
29. Office of the Washington State Auditor to provide the requirements and authorization for the District to exchange confidential information with SAO.
30. Data Collection and Analytic Display Software Consortium to implement a cooperative cost sharing and administrative approach to serve the data collection and analytic display needs of each Agency according to its needs and the general service priorities as established and approved by the Administrative Board.
31. WA State Department of Natural Resources-to provide employees, referred to as single resources, equipment, material and/or services in support of wildfire or other emergency response and to establish DNR's payment and reimbursement procedures.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

Pierce County Fire District No. 18 was incorporated in 1954 and operates under the laws of the state of Washington applicable to a District. The district is a special purpose local government and provides fire protection and EMS services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to 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 presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

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.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

C. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 336 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 2160 hours and 25% of the 2160 unused sick leave is payable upon separation or retirement.

The administrative staff may accumulate up to 400 hours of vacation and is payable upon separation or retirement. Sick leave may be accumulated up to 1,440 hours and 50% of the unused sick leave is payable upon separation or retirement.

Compensatory time may be accumulated up to 72 hours and is payable at any time with regular payroll processing if requested or upon separation or retirement.

Payments are recognized as expenditures when paid.

The total cost of compensated absences at the end of 2020 is \$416,509.38.

F. Long-Term Debt

See Note 5 – *Debt Service Requirements*.

Note 2 - Budget Compliance

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
Expense Fund	5,651,839	5,709,289	(57,450)
Reserve Fund	600,000	-	600,000
GO Bond	-	186,662	(186,662)
Total	6,251,839	5,895,951	355,888

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

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

The GO Bond Fund is a zero-balance fund, the expenses are accounted for in the Expense Fund. The Reserve Fund balance is accounted for each year when budgets are adopted. A budget amendment was adopted in January of 2021 in the amount of \$70,000 to make up the variance for expenses; however, the actual revenues received exceeded the variance.

Note 3 – 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 new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the district is unknown at this time.

Note 4 – Deposits and Investments

Investments are reported at fair value. Deposits and investments by type at December 31, 2020 are as follows:

Type of Deposit or Investment	(City/Town/District)'s own deposits & investments	Deposits & investments held by the (City,Town/District) as custodian for other local governments, individuals, or private organizations.	Combined
Checking account balances	2,721,217		2,721,217
<i>Totals</i>	2,721,217	0	2,721,217

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The district's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the district or its agent in the government's name.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

Note 5 – Long-Term Debt *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2020.

The debt service requirements for general obligation bonds, revenue bonds and capital leases are as follows:

Year	Principal	Interest	Total Debt Service
2021	184,562	49,332	233,894
2022	184,205	49,429	233,634
2023	188,748	44,557	233,305
2024	193,354	39,554	232,908
2025	199,025	34,418	233,443
2026-2030	880,763	101,125	981,888
2031-2035	362,000	12,426	374,426
2036-2040			0
2041-2045			0
2046-2050			0
2051-2055			0
2056-2060			0
<i>Totals</i>	2,192,657	330,842	2,523,499

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

Note 6 – Pension Plans

A. State Sponsored Pension Plans

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

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, 2020 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	4604	0.00063500%	3,530,540,000	22,419	
PERS 2/3	7587	0.00082400%	1,278,943,000	10,538	
LEOFF 2	120133	0.06141200%	(2,039,854,000)		(1,252,715)
VFFRPF	120	0.060000%	(35,240,000)		(21,770)
		<i>Totals</i>		\$ 32,957	\$ (1,274,485)

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

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. Defined Contribution Pension Plans

457 (b) Deferred Compensation

The District provides up to a 4% match of each full-time employee's annual salary. The District's portion for 2020 was as follows:

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution
Pierce County Fire District 18 457 (b)	Spectrum Pension Consultants	DCP	457 b Deferred Compensation	21	0	76,555

Note 7 - Property Tax

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

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

The district's regular levy for the year 2020 was \$1.50 per \$1,000 on an assessed valuation of \$1,848,208,297 for a total regular levy of \$2,772,312.45.

The district's EMS levy for the year 2020 was \$.50 per \$1,000 on an assessed valuation of \$1,855,489,728 for a total additional EMS levy of \$927,744.86.

The district's Maintenance & Operations levy for the year 2020 was \$0.4489 per \$1,000 on an assessed valuation of \$1,837,798,787 for a total regular levy of \$825,000.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

Note 8 – Risk Management

Pierce County FPD #18 is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris did not have any claim settlements that exceeded the limits in the last 3 years.

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

Note 9 – Other Disclosures

A. Interlocal Agreements

1. East Pierce Fire & Rescue-for reciprocity of EMS Levy Transport Mutual Aid Responses
2. Graham Fire & Rescue-for reciprocity of EMS Levy Transport Mutual Aid Responses
3. Graham Fire & Rescue-for joint training
4. Orting School District-for the use of a portion of Station 43 to operate a radio and antenna in an emergency
5. East Pierce Fire & Rescue and Central Pierce Fire & Rescue- to collaborate on Swiftwater rescues, to include automatic aid and training.
6. Washington State Military Department- for interstate mutual aid according to the model presented in the National Strategy for Homeland Security
7. Kent Fire Department Regional Fire Authority – for the cooperative purchase of materials, supplies, and equipment.
8. Pierce County – to provide mutual aid within all Pierce County fire districts; city and town fire departments, and military fire departments.
9. WA State Department of Natural Resources- to provide for mutual assistance and cooperation in the control and suppression of forest land fire.
10. WA State Department of Natural Resources-to store its wildland engine at Orting Valley Fire and Rescue Station #42, 19207 Patterson Rd, Orting, WA 98360.
11. WA State Patrol- to provide for the reimbursement of allowable Fire Agency costs incurred while its assets are mobilized.
12. WA State Department of Enterprise Services-to purchase goods and services for its direct use under contracts entered into by DES that permit such use.
13. HGAC Buy-cooperative purchase of materials, supplies and equipment.
14. National Purchasing Partners-to contract with governmental bodies and Vendors to perform functions and services, including the purchase of goods and services.
15. Central Pierce Fire & Rescue-for the use of training facilities.
16. East Pierce Fire & Rescue- purchasing of EMS supplies.
17. Graham Fire & Rescue-for the temporary use of rolling stock.
18. South Puget Sound Fire Coordinating Group-to provide fire training, qualification and certification in the DNR South Puget Sound Region.
19. Tacoma Public School District-forest management services through firefighting training activities.
20. NASH Cascadia Verde, LLC- conduct supervised fire and emergency management training activities.
21. King County Fire District No. 28- to provide Water Tender operations and assistance.
22. Okanogan County-to provide emergency response and recovery assistance.
23. West Pierce Fire & Rescue-to purchase one or more ambulances on a 2019/2020 Dodge 4500 ST Type 1 ambulance prep chassis and module
24. Graham Fire & Rescue-for fleet mechanic services

Pierce County Fire District No. 18
Notes to the Financial Statements
For the year ended December 31, 2020

25. WA State Department of Natural Resources- to address the terms and conditions for all federal excess property sub-loaned by DNR and the transfer of firefighting and emergency service property.
26. East Pierce Fire and Rescue, Central Pierce Fire and Rescue, West Pierce Fire and Rescue, Graham Fire, South Pierce Fire and Rescue and Key Peninsula Fire-for the purpose of sharing emergency service “equipment and apparatus”
27. East Pierce Fire and Rescue, Central Pierce Fire and Rescue, West Pierce Fire and Rescue, Graham Fire, South Pierce Fire and Rescue, Key Peninsula Fire, Dupont Fire, and Gig Harbor Fire, -for the purpose of sharing response teams during an emergency.
28. Lake Stevens Fire & Snohomish County Fire-for the cooperative purchase of EMS supplies

Pierce County Fire Protection District No. 18
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Capital Lease-2020 Engine	6/21/2026	248,657	-	41,563	207,094
251.11	Go Bond	12/1/2032	1,944,000	-	143,000	1,801,000
Total General Obligation Debt/Liabilities:			2,192,657	-	184,563	2,008,094
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		416,509	52,135	-	468,644
264.30	Pension Liability		32,957	-	26,301	6,656
Total Revenue and Other (non G.O.) Debt/Liabilities:			449,466	52,135	26,301	475,300
Total Liabilities:			2,642,123	52,135	210,864	2,483,394

Pierce County Fire Protection District No. 18
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Capital Lease-2015 Ambulance	6/15/2021	60,593	-	60,593	-
263.51	Capital Lease-Station Renovation	5/15/2025	180,963	-	180,963	-
263.51	Capital Lease-2020 Engine	6/21/2026	278,131	-	29,474	248,657
251.11	Go Bond	12/1/2032	2,083,000	-	139,000	1,944,000
Total General Obligation Debt/Liabilities:			2,602,687	-	410,030	2,192,657
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		367,152	49,357	-	416,509
264.30	Pension Liability		31,111	1,846	-	32,957
Total Revenue and Other (non G.O.) Debt/Liabilities:			398,263	51,203	-	449,466
Total Liabilities:			3,000,950	51,203	410,030	2,642,123

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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