



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Shoreline Fire Department

For the period January 1, 2022 through December 31, 2022

Published April 1, 2024

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

April 1, 2024

Board of Commissioners
Shoreline Fire Department
Shoreline, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Shoreline Fire Department January 1, 2022 through December 31, 2022

Board of Commissioners
Shoreline Fire Department
Shoreline, 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 Shoreline Fire Department, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Department's financial statements, and have issued our report thereon dated March 21, 2024.

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Pat McCarthy, State Auditor

Olympia, WA

March 21, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Shoreline Fire Department January 1, 2022 through December 31, 2022

Board of Commissioners
Shoreline Fire Department
Shoreline, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Shoreline Fire Department, as of and for the year ended December 31, 2022, 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 Department 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 Shoreline Fire Department, and its changes in cash and investments, for the year ended December 31, 2022, 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 Shoreline Fire Department, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year 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 Department, 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 Department in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department'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 Department'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 Department'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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves,

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the Department'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 Department'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 Department'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

March 21, 2024

FINANCIAL SECTION

Shoreline Fire Department January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to the Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022

Shoreline Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 General Expense Fund: 10-004-0010	101 EMS DONATIONS: 10-004-6030	102 ALS EXPENSE FUND: 10-004-
Beginning Cash and Investments					
308	Beginning Cash and Investments	20,967,750	12,486,409	80,138	2,929,184
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	11,843,386	10,596,846	-	-
320	Licenses and Permits	249,033	249,033	-	-
330	Intergovernmental Revenues	5,451,083	2,809,005	-	32,999
340	Charges for Goods and Services	29,095,668	18,814,700	-	9,404,482
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	335,584	163,273	47,030	24,425
Total Revenues:		46,974,754	32,632,857	47,030	9,461,906
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	37,072,944	27,556,644	235	8,972,092
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		37,072,944	27,556,644	235	8,972,092
Excess (Deficiency) Revenues over Expenditures:		9,901,810	5,076,213	46,795	489,814
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,738,640	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		3,738,640	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,294,761	-	-	-
591-593, 599	Debt Service	1,959,159	523	-	-
597	Transfers-Out	3,738,640	1,000,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		9,992,560	1,000,523	-	-
Increase (Decrease) in Cash and Investments:		3,647,890	4,075,690	46,795	489,814
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,774,047	-	-	3,418,999
50841	Committed	1,512,195	-	-	-
50851	Assigned	1,767,300	-	126,933	-
50891	Unassigned	16,562,106	16,562,106	-	-
Total Ending Cash and Investments		24,615,648	16,562,106	126,933	3,418,999

The accompanying notes are an integral part of this statement.

Shoreline Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		103 CMT EXPENSE FUND: 10-004-	104 IMPACT FEE FUND: 10- 004-6240	201 GO BOND: 10-004-8510	202 LTGO BOND FUND: 10-004-8400
Beginning Cash and Investments					
308	Beginning Cash and Investments	165,800	1,506,848	138,192	1,623
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	1,246,540	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,609,079	-	-
340	Charges for Goods and Services	505,697	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,877	17,005	7,142	4,062
Total Revenues:		507,574	2,626,084	1,253,682	4,062
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	543,973	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		543,973	-	-	-
Excess (Deficiency) Revenues over Expenditures:		(36,399)	2,626,084	1,253,682	4,062
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	678,300
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	678,300
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	603	-	-
591-593, 599	Debt Service	-	-	1,279,918	678,718
597	Transfers-Out	-	2,738,640	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	2,739,243	1,279,918	678,718
Increase (Decrease) in Cash and Investments:		(36,399)	(113,159)	(26,236)	3,644
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	129,400	-	-	-
50841	Committed	-	1,393,688	111,957	5,268
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		129,400	1,393,688	111,957	5,268

The accompanying notes are an integral part of this statement.

Shoreline Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		301 CAPITAL FUND: 10-004- 0020	302 ALS CAPITAL: 10- 004-6060	303 CIP FUND: 10-004-3010	304 LTGO CIP FUND: 10-004- 3020
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,724,482	933,805	88	1,181
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	35,000	335,789	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	52,674	18,083	1	12
Total Revenues:		87,674	353,872	1	12
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		87,674	353,872	1	12
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,060,340	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		3,060,340	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,232,130	62,028	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		4,232,130	62,028	-	-
Increase (Decrease) in Cash and Investments:		(1,084,116)	291,844	1	12
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	1,225,648	-	-
50841	Committed	-	-	89	1,193
50851	Assigned	1,640,367	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,640,367	1,225,648	89	1,193

The accompanying notes are an integral part of this statement.

Shoreline Fire Department
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	314,809	13,369	301,440
388 & 588	Net Adjustments	-	-	-
310-390	Additions	587,690	113,135	474,555
510-590	Deductions	328,768	86,730	242,038
	Net Increase (Decrease) in Cash and Investments:	258,922	26,405	232,517
508	Ending Cash and Investments	573,732	39,774	533,958

The accompanying notes are an integral part of this statement.

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Shoreline Fire Department is a special purpose government that provides fire protection services to the general public and is supported primarily through property taxes. The Department was incorporated in 1939 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts. The Department provides fire suppression services, emergency medical services, Fire prevention services, special operations services, disaster preparedness and response, community education and outreach.

The Department 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:

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

GOVERNMENTAL FUND TYPES:

General Fund - 001 (Expense Fund)

This fund is the primary operating fund of the Shoreline Fire Department. It accounts for all financial resources except those required or elected to be accounted for in another fund. The General Expense, General Reserve, General Benefits, Imprest Petty Cash Checking Accounts, and Imprest Petty Cash fund are accounted for in Fund 001.

Special Revenue - 101 (EMS Donations Fund)

This fund was established to receive and account for funds donated to Shoreline Fire Department for basic life support. This account is funded by donations from the community.

Special Revenue - 102 (ALS Expense Fund)

This fund is used for the day-to-day operations of the ALS Division. This account is funded through a contract with King County EMS. King County EMS receives its funding from a countywide EMS property tax levy.

Special Revenue - 103 (CMT Expense Fund)

This fund is used for the day-to-day operations of the Community Medicine Technician (CMT) program. This account is primarily funded through a contract with King County EMS. King County EMS receives its funding from a countywide EMS property tax levy.

Special Revenue - 104 (Impact Fee Fund)

Shoreline Fire Department through the City of Shoreline has implemented a fire impact fee program, and Shoreline Fire Department authorizes the City of Shoreline to collect impact fees on behalf of the Fire Department and to transfer collected fees to Shoreline Fire Department fire impact fee fund.

Debt Service Fund - 201 (GO Bond Fund)

This fund accounts for the financial resources that are restricted, committed or assigned to expenditures to pay principal, interest, and related costs on the general long-term bonded debt.

Debt Service Fund - 202 (LTGO Bond Fund)

This fund accounts for the financial resources that are restricted, committed, or assigned to expenditures to pay principal, interest, and related costs on the limited general long-term bonded debt.

Capital Projects Fund - 301 (Capital Replacement Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current year's expense budget. These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

Capital Projects Fund - 302 (ALS Capital Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current year's expense budget. These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Capital Projects Fund - 303 (2015 CIP Fund)

The Capital Improvement Plan (CIP) fund is used for tracking revenues and expenses resulting from the Capital Bond that was approved by voters in August 2015. This fund will be used during the life of the \$9.5 million capital bond, approximately ten years.

Capital Projects Fund - 304 (2018 CIP Fund)

The Capital Improvement Plan (CIP) fund is used for tracking revenues and expenses resulting from the Limited Tax General Obligation Bonds approved by the Board of Commissioners in August 2018.

Fiduciary Fund- 620 (Shoreline Fire Voluntary Plan, PFML)

Shoreline Fire Department has opted to run the WA Paid Family and Medical leave program in-house under a Voluntary Plan. The Department has set up a Trust Fund through the local bank for purpose of:

- Deposit of contributions collected from employees' paycheck and deposit of the Department's contributions to the plan.
- Disbursements for weekly benefit payments and disbursements for any costs associated with the Voluntary Plan and Trust Fund.

Fiduciary Fund- 630 (North KC Training Consortium)

The City of Bothell Fire Department, Northshore Fire Department, Woodinville Fire & Rescue, and Shoreline Fire Department, collectively formed a training consortium. Shoreline Fire Department is designated as the Agency of Record. The Agency of Record is responsible for establishing the fund used for tracking monies received of annual contributions by each party and operational expenses on behalf of the consortium.

B. Basis of Accounting and Measurement Focus

The Department's 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*.

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

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 one year. Capital assets are recorded as capital expenditures when purchased.

E. Compensated Absences

Sick Leave: The majority of the employees are members of the bargaining unit with sick leave hours processed according to the following:

Upon LEOFF retirement (does not include termination for cause); employees shall have 50% of any unused sick leave hours remaining in their sick-leave bank converted to a dollar value and contributed to HRA (VEBA) or equivalent health care trust account recognized by IRS code 501c9. The conversion rate will be 50% of their actual sick leave hours at the time of retirement times their final base hourly rate of pay.

The estimated **sick time liability** effective 12/31/22 as indicated above was \$3,883,959.

The total **vacation time liability** effective 12/31/22 was \$2,563,285.

The total **compensatory time liability** effective 12/31/22 was \$557,413.

The total **FLSA compensatory time liability** effective 12/31/22 was \$230,693.

F. Long-Term Debt

See Note 6 – *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Commissioners for Shoreline Fire Department. When expenditures that meet restrictions are incurred, the district intends to use the most restricted resources first.

Fund Name	Portion of Ending Balance Restricted	Portion of Ending Balance Committed	Combined	Reason for Restriction or Commitment
ALS Expense fund	3,418,999		3,418,999	Restricted by King County EMS
ALS Capital fund	1,225,648		1,225,648	Restricted by King County EMS
2015 GO Bond fund		111,957	111,957	Committed by GO Bond requirement
2015 CIP fund		89	89	Committed by GO Bond requirement
2018 LTGO Bond fund		5,268	5,268	Committed by LTGO Bond requirement
2018 LTGO CIP fund		1,193	1,193	Committed by LTGO CIPfund requirement
Impact Fee fund		1,393,688	1,393,688	Committed by Resolution
CMT fund	129,400		129,400	Restricted by King County EMS
Totals	4,774,047	1,512,194	6,286,241	

Restrictions and commitments of Ending Cash and Investments consist of \$6,286,241.

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

Note 2 - Budget Compliance

The department adopts annual appropriated budgets for Gen Expense, Gen Capital, Gen Benefits, ALS Expense, ALS Capital, and CMT 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/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
Gen Expense Fund	29,148,957	28,717,540	431,417	Budget amended May 2022 due to contract for services with Northshore Fire Department. (Resolution 22-02)
Gen Benefits Fund	1,765,948	776,989	988,959	Budgeted items were not spent as planned based on anticipated medical obligation for LEOFF 1 retirees.
Gen Reserve Fund	-	734	(734)	
Transfer elimination		(938,105)		
Subtotal-Gen Expense (001)	30,914,905	28,557,158	1,419,642	
Gen Capital Fund	1,259,395	4,232,129	(2,972,734)	Purchase of a ladder truck and engine due to extended construction estimate and to prevent further cost increases.
ALS Expense Fund	9,086,884	8,972,091	114,793	Budget items were not spent as planned.
ALS Capital Fund	151,500	62,030	89,470	Budgeted items were not spent as planned based on anticipated of capital purchases.
CMT Expense Fund	564,780	543,973	20,807	Budget items were not spent as planned.
Total	41,977,464	42,367,380	(1,328,021)	

Note 3 – Deposits and Investments

Investments are reported at fair value. The Department's investments are held by King County Treasury as it's agent in the Department's name.

Investment amount as of **December 31, 2022:** **\$25,159,030**

Deposits & Cash amount as of **December 31, 2022:** **\$30,350**

Investments in King County Investment Pool

The Shoreline Fire Department involuntary participant in the King County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with [RCW 36.48.070](#). The Shoreline Fire Department reports its investment in the pool at fair value, which is (the same as the value of the pool per share/or disclose the difference between the reported amount and the value of pool shares). (The LGIP does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Department 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 Department's deposits and certificates of deposit are mostly

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

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.

Note 4 – Component Unit(s), Joint Ventures, and Related Parties

Joint Venture Note:

The Shoreline Fire Department is a participant with the cities of Bellevue, Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, Redmond, Normandy Park and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27, 45 and 50, Northshore Fire Department, Snoqualmie Pass Fire and Rescue, and Woodinville Fire and Life Safety District (Principal agencies) in a joint venture to establish and maintain NORCOM, a consolidated emergency service communications center. The North East King County Regional Public Safety Communications Agency (NORCOM), was created to provide highly efficient emergency service communications and all related incidental functions for communicating and dispatching services between the public and the Principals' directly served public safety departments in furtherance of improved public safety and emergency response. NORCOM is governed by a Governing Board composed of one representative from each Principal agency.

A Principal agent may withdraw its membership by providing written notice on or before December 31 in any year. On dissolution of the corporation, the net position of NORCOM will be shared equitably by the Principals at the time of dissolution based on the average of the prior five years of user fees contributed.

Operating revenues are provided by user fees charged to each member based on average call volume of each critical NORCOM operational function: police, fire and call receiving. The Shoreline Fire Department paid **\$752,966 in user fees in 2022**. Complete financial statements for NORCOM may be obtained at: NORCOM, PO Box 50911, Bellevue, WA 98015-0911.

Note 5 – Leases

During the year ended 2022, the Shoreline Fire Department adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The Shoreline Fire Department leases 1 postage meter machine from Pitney Bowes for \$174 per quarter under a 5-year lease agreement that cannot be canceled for any reason and all payment obligations are unconditional.

The total amount paid for leases in 2022 was \$523. As of December 31, 2022, the future lease payments are as follows:

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

Year	Lease Payments
2023	698
2024	698
2025	698
2026	698
2027	174
Total	2,965.14

Note 6 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2022.

On 12/04/2015, a voted general obligation bond was issued to pay the cost of acquiring, constructing and installing capital improvements and betterments to the Department's fire protection facilities.

On 08/29/2018, a non-voted Commissioners bond was issued to pay the cost of acquiring, constructing and installing capital improvements and betterments to the Department's fire protection facilities.

The debt service requirements for UTGO and LTGO bonds, including interest, are as follows:

Description	Issued Amount	Maturity Date	Balance Payable: 12-31-22
2015 GO Bond	\$9,150,000	December 1, 2025	\$3,560,000
2018 LTGO Bond	\$5,500,000	December 1, 2028	\$3,535,000

Year	Principal	Interest	Total Debt Service
2023	1,680,000	272,850	1,952,850
2024	1,745,000	213,750	1,958,750
2025	1,810,000	152,350	1,962,350
2026	595,000	86,550	681,550
2027-2028	1,265,000	82,600	1,347,600
Totals	7,095,000	808,100	7,903,100

Note 7 – OPEB Plans

The **LEOFF I Retiree** Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by Shoreline Fire Department as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had nine (9) members, all retirees. As of December 31, 2022, the Department's OPEB liability was \$4,280,908 as calculated using

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

the alternative measurement method. For the year ended December 31, 2022, the department paid \$134,028 in benefits.

Post-Retirement Medical Benefits: As part of savings generated by senior employees retiring, the Department offsets the cost of providing a post-retirement medical benefits to cover the gap between an eligible retirement and when Medicare provides coverage. The Board of Commissioners adopted Resolution 21-04, this Resolution addresses medical premium assistance to LEOFF or PERS retiring employees based on individual sick leave hours remaining on the record at the time of their official LEOFF or PERS service retirement.

The Department had one hundred sixty-five (165) active plan members and twenty (20) retirees received the Medical Assistance Benefits as of December 31, 2022. As of December 31, 2022, the Department's OPEB liability for medical assistance benefits was \$3,677,122 as calculated using the GASB 75 actuarial valuation. For the year ended December 31, 2022, the department paid \$111,488 in benefits.

Note 8 – Paid Family Medical Leave Act Self-Insurance

Shoreline Fire Department has opted to run the WA Paid Family and Medical leave program in-house under a Voluntary Plan. Voluntary plans are approved by the Employment Security Department and are available for employers who wish to opt out of the State of Washington's Paid Family & Medical Leave Program for either family leave benefit, medical leave benefit, or both, and instead administer their own internal plan. Employers with voluntary plans are required to offer benefits that are equal to or exceed the benefits offered by the State's program and must report employee hours, wages, premiums deducted from employee pay, and other information to the Employment Security Department on a quarterly basis.

The Department paid **\$86,647** in claims during **2022** and held **\$39,774** of employee and employer premiums at fiscal year-end.

Note 9 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the Shoreline Fire Department 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 PERS and LEOFF.

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

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

At **June 30, 2022**, the Department's proportionate share of the collective net pension liabilities (asset), was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	61,093	0.00996900%	2,784,367,000	277,574	
PERS 2/3	104,025	0.01294900%	-3,708,781,000		(480,250)
LEOFF 1		0.04770300%	-2,868,613,000		(1,368,414)
LEOFF 2	987,021	0.47675300%	-2,717,698,000		(12,956,707)
		Totals		\$ 277,574	\$ (14,805,371)

LEOFF Plan 1:

The district also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

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 10 - Property Tax

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

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

The King County Assessor, pursuant to the duty imposed on them by RCW 84.48.130, certified that the assessed valuation of all the taxable property situated within the boundaries of the Shoreline Fire

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

Department for the assessment year 2021 and tax year 2022 was \$13,387,073,975 and was recorded as such in the King County Certification of Assessed Valuation.

The Department's regular levy for the year 2022 was \$10,469,531. The Department's benefit charge levy for 2022 was \$7,363,000.

Note 11 – Risk Management

Cities Insurance Association of Washington (CIAW):

Shoreline Fire Department 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 November 30, 2022, membership includes 195 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, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an **aggregate limit of \$50,000,000** with a **self-insured retention (SIR) of \$500,000**. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the **\$500,000 SIR**. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the **\$500,000 SIR**, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, **with an attachment point of \$7,110,058**, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence **SIR of \$500,000**. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the **\$500,000 SIR**, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (cities and special districts) and \$500 (fire districts), 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 SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered

SHORELINE FIRE DEPARTMENT
Notes to the Financial Statements
For the year ended December 31, 2022

by CIAW.

Cyber liability insurance is subject to a per-occurrence **SIR of \$50,000**. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining **\$40,000 SIR**.

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.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending **December 1, 2022, were \$2,747,184**.

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.

Note 12 – Other Disclosures

Subsequent Event:

As of April 1, 2023, Shoreline Fire Department moved from a Voluntary Paid Family Medical Leave plan to the state plan.

**Shoreline Fire Department
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	2015 GO Bond	12/1/2025	4,655,000	-	1,095,000	3,560,000
263.56	Postage Meter		-	3,488	523	2,965
Total General Obligation Debt/Liabilities:			4,655,000	3,488	1,095,523	3,562,965
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2018 LTGO Bond	12/1/2028	4,060,000	-	525,000	3,535,000
259.12	Accrued SL,VAC, and Comp		5,741,489	1,493,860	-	7,235,349
264.30	Pension Liability		118,594	158,980	-	277,574
264.40	OPEB Liabilities		9,628,295	-	1,670,265	7,958,030
Total Revenue and Other (non G.O.) Debt/Liabilities:			19,548,378	1,652,840	2,195,265	19,005,953
Total Liabilities:			24,203,378	1,656,328	3,290,788	22,568,918

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.

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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.

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