



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements Audit Report

# King County Flood Control Zone District

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

*Published May 8, 2025*

Report No. 1037062



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

May 8, 2025

Board of Supervisors  
King County Flood Control Zone District  
Seattle, Washington

**Report on Financial Statements**

Please find attached our report on the King County Flood Control Zone District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	4
Independent Auditor's Report on the Financial Statements .....	6
Financial Section .....	9
About the State Auditor's Office .....	49

## INDEPENDENT AUDITOR'S REPORT

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

### **King County Flood Control Zone District January 1, 2023 through December 31, 2023**

Board of Supervisors  
King County Flood Control Zone District  
Seattle, 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 the governmental activities and each major fund of the King County Flood Control Zone District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 2, 2025.

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

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

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

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

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

## REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

May 2, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **King County Flood Control Zone District January 1, 2023 through December 31, 2023**

Board of Supervisors  
King County Flood Control Zone District  
Seattle, Washington

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the King County Flood Control Zone District, a component unit of King County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the King County Flood Control Zone District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 as a whole 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
- 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.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Pat McCarthy, State Auditor

Olympia, WA

May 2, 2025



## **FINANCIAL SECTION**

### **King County Flood Control Zone District January 1, 2023 through December 31, 2023**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2023

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

Statement of Activities – 2023

Balance Sheet Governmental Fund – 2023

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Fund – 2023

Notes to Financial Statements – 2023

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule (Budgetary Basis) – 2023

Schedule of Proportionate Share of Net Pension Liability (Asset) – PERS 1, PERS 2/3 –  
2023

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the King County Flood Control Zone District (the District) for the fiscal year ended December 31, 2023. We encourage readers to consider this information in conjunction with the District's financial statements and notes to the financial statements which follow.

The District was established in April 2007 to provide an integrated and coordinated approach to flooding as well as funding to improve King County's nearly 500 aging and inadequate flood protection facilities. The King County Council oversees the District as a Board of Supervisors. A 15-member Advisory Committee, made up of citizens and local government officials, provides recommendations on the District's work plan and budget.

The District has also entered into an inter-local agreement with the Water and Land Resources Division of King County to provide the necessary staffing for implementation of the District's flood control programs and projects.

### **Financial Highlights**

- As of December 31, 2023, the assets of the District exceeded its liabilities by \$227.2 million on a government-wide basis (net position). Net position included net investment in capital assets of \$199.5 million, \$126K restricted net position for pension and unrestricted net position of \$27.6 million.
- In 2023, the District's total net position increased by \$1.8 million.
- As of December 31, 2023, the District's governmental fund had an ending balance of \$26.8 million, which was a decrease of \$8.6 million from the prior year. The governmental fund balances included \$4.0 million attributable to nonspendable cash advance, \$66.5 million committed for carryover of unspent appropriations, and \$7.5 million was assigned for self-insured retention. The remaining portion of fund balance, a \$51.3 million deficit, was unassigned.

### **Overview of the Financial Statements**

The District's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. Required supplementary information is presented in addition to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. The statements provide short-term and long-term information about the District's financial position, which assists in assessing the District's financial condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. All revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The government-wide financial statements include two statements:

- The statement of net position presents all the District's assets and liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as revenues pertaining to uncollected taxes.

All of the District's activities are governmental activities related to flood control programs which are supported by property taxes.

#### Fund Financial Statements

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District is a special purpose governmental entity and it has one governmental fund, the sole major fund, to finance the flood control services. Unlike the government-wide financial statements, the governmental fund financial statements focus on how cash and other financial assets can be readily converted to available resources and the balances left at year-end that are available for future spending. Such information may be useful in determining whether there will be adequate financial resources available to meet the current needs of the District.

Because the focus on governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities. The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

#### Notes to the Financial Statements

The notes provide additional information essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

#### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information is also presented. The required supplementary information immediately follows the notes to the financial statements.

**Government-wide Financial Analysis**

The Statement of Net Position presents all the District's assets, liabilities, deferred inflows and outflows of resources, and net position. The amount of net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, this information may serve as a useful indicator of the District's financial position. The District's net position was \$227.2 million at the end of 2023, and 87.8 percent of the net position was invested in capital assets. In 2023, the District's total net position increased by \$1.8 million.

Investment in capital assets went up by \$10.3 million or 5.4 percent in 2023. For further information regarding the increase in capital assets see Note 4 to the financial statements.

	2023	2022
<b>Condensed Statements of Net Position</b>		
<b>ASSETS</b>		
Current and other assets	\$ 69,889,450	\$ 50,768,753
Capital assets	199,478,785	189,167,412
<b>TOTAL ASSETS</b>	<b>269,368,235</b>	<b>239,936,165</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>88,170</b>	<b>99,682</b>
<b>LIABILITIES</b>		
Current liabilities	42,172,800	14,533,046
Noncurrent liabilities	39,286	46,360
<b>TOTAL LIABILITIES</b>	<b>42,212,086</b>	<b>14,579,406</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>52,024</b>	<b>84,095</b>
<b>NET POSITION</b>		
Net investment in capital assets	199,478,785	189,167,412
Restricted net position for pension	126,466	98,200
Unrestricted	27,587,044	36,106,734
<b>TOTAL NET POSITION</b>	<b>\$ 227,192,295</b>	<b>\$ 225,372,346</b>

	2023	2022
<b>Condensed Statements of Activities</b>		
<b>GENERAL REVENUE</b>		
Property taxes	\$ 58,461,916	\$ 58,300,315
Investment earnings, net	1,666,919	798,067
Other taxes	306,219	312,947
Unrealized investment gain (loss)	1,028,427	(1,048,075)
<b>TOTAL GENERAL REVENUE</b>	<b>61,463,481</b>	<b>58,363,254</b>
<b>EXPENSES</b>		
Flood controls	59,643,532	66,782,488
<b>CHANGE IN NET POSITION</b>	<b>1,819,949</b>	<b>(8,419,234)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>225,372,346</b>	<b>233,364,121</b>
Prior year correction	-	427,459
<b>NET POSITION, BEGINNING OF YEAR ADJUSTED</b>	<b>225,372,346</b>	<b>233,791,580</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$227,192,295</b>	<b>\$225,372,346</b>

The District's flood control services are funded by property taxes, which comprise 95.1 percent of total general revenue. Total general revenue increased by \$3.1 million or 5.3 percent in 2023. Expenses decreased by \$7.1 million or 10.7 percent in 2023, primarily due to decreases in capital expenditures compared to the prior year. The change in the District's total net position resulted from revenues exceeding expenses. The overall financial position of the District has increased in 2023 and indicates its ability to meet its ongoing obligations.

#### **Governmental Fund Financial Analysis**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and the resulting balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net financial resources available for spending at the end of the fiscal year.

As of December 31, 2023, the District's governmental fund reported ending fund balances of \$26.8 million, of which \$4.0 million was nonspendable, \$66.5 million was committed and \$7.5 million was assigned. The nonspendable fund balance of \$4.0 million was advanced to the King County Water and Land Resources Division for the District's operating and capital expenditures. For more information regarding nonspendable cash advance, see Note 6 to the District's financial statements.

The committed fund balance of \$66.5 million is for carryover of unspent appropriations, and the assigned fund balance of \$7.5 million is for self-insured retention relating to the District's excess liability coverage and is explained in Note 6 to the District's financial statements. The has unassigned fund balance deficit of \$51.3 million. The total fund balances decreased by \$8.6 million.

	2023	2022
<b>Condensed Balance Sheets</b>		
<b>TOTAL ASSETS</b>	\$ 69,798,336	\$ 50,688,013
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	69,798,336	50,688,013
<b>TOTAL LIABILITIES</b>	42,130,222	14,487,347
<b>DEFERRED INFLOWS OF RESOURCES</b>	905,012	843,227
<b>FUND BALANCES</b>		
Nonspendable - cash advance	4,000,000	4,000,000
Committed	66,528,726	63,976,181
Assigned	7,500,000	7,500,000
Unassigned	(51,265,624)	(40,118,742)
<b>TOTAL FUND BALANCES</b>	\$ 26,763,102	\$ 35,357,439

Overall governmental fund revenues for 2023 totaled \$61.4 million, an increase of \$3.0 million or 5.2 percent. Total expenditures decreased 20.8 percent or \$18.4 million from the previous year, primarily due to a decrease in capital project expenditures. The fund balance decreased by \$8.6 million in 2023 compared to a decrease of \$30.0 million for 2022.

<b>Condensed Statements of Revenues, Expenditures, and Changes in Fund Balances</b>		
	2023	2022
<b>TOTAL REVENUES</b>	\$ 61,431,563	\$ 58,412,408
<b>TOTAL EXPENDITURES</b>	70,025,900	88,454,035
<b>CHANGE IN FUND BALANCES</b>	\$ (8,594,337)	\$ (30,041,627)
<b>TOTAL FUND BALANCES, BEGINNING OF YEAR</b>	35,357,439	65,399,066
<b>TOTAL FUND BALANCES, END OF YEAR</b>	\$ 26,763,102	\$ 35,357,439

### Budget Variances in the General Fund

Differences between the original budget and the final amended budget resulted from a significant increase to budgeted expenditures for capital projects.

Property tax revenue was on budget for 2023. Property taxes were budgeted based on approved tax levies for 2023, while property taxes reported as actual were total taxes collected in 2023. See the District's accounting policies in Note 1 to the financial statements. Actual expenditures were less than budget estimates by \$210.3 million primarily because the 2023 budgeted expenditures included carryover amounts from prior years for capital projects being expended over multi-years.

### Capital Assets

The District's capital assets, net of accumulated depreciation, amounted to \$199.5 million as of December 31, 2023. This is an increase of \$10.3 million or 5.4 percent from the previous year. For further information regarding capital assets, see Note 4 to the financial statements.

	Balance 12/31/2023	Balance 12/31/2022
<b>Governmental Activities</b>		
Land	\$ 92,681,622	\$ 84,614,702
Easement	863,052	846,143
Construction in progress	12,460,472	47,418,135
Levees and facilities	106,404,658	66,146,019
Machinery and equipment	55,159	49,757
Less: accumulated depreciation	(12,986,178)	(9,907,344)
<b>Total Capital Assets, Net</b>	<b>\$ 199,478,785</b>	<b>\$ 189,167,412</b>

### Economic Factors and Next Year's Budget

The District adopts its budget on an annual basis. The budget is based on the District's goals and its operating and capital programs. The 2024 budget is summarized below:

<b>Property Taxes</b>	<b>\$ 58,291,226</b>
<b>Expenditures</b>	
District overhead and administration	2,488,637
Maintenance and operations	15,808,156
Construction and improvements	111,788,893
<b>Total expenditures</b>	<b>\$ 130,085,686</b>

The District's Board of Supervisors has authorized \$58.3 million of property taxes to be levied for 2024, a decrease of 1.0 percent from 2023.

### Request for Information

This financial report is designed to provide a general overview of the King County Flood Control Zone District's finances to all those with an interest in the District's finances. Questions concerning any information provided in this report should be addressed to: King County Flood Control Zone District, 516 3<sup>rd</sup> Ave, Room 1200, Seattle, Washington 98104.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Note Reference	Primary Government Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents		\$ 64,391,859
Taxes receivable	Note 1, 3	1,188,865
Other receivable		217,612
Cash advance		4,000,000
Capital assets not being depreciated	Note 4	
Land		92,681,622
Easements		863,052
Construction in progress		12,460,472
Capital assets net of accumulated depreciation	Note 4	
Levees, facilities and machinery		93,473,639
Pension asset	Note 5	91,114
<b>TOTAL ASSETS</b>		<b>269,368,235</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension plans	Notes 1, 5	88,170
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		<b>88,170</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other accrued liabilities		42,130,222
Accrued compensated absences		42,578
<b>TOTAL CURRENT LIABILITIES</b>		<b>42,172,800</b>
Noncurrent liabilities:		
Pension liability	Note 5	39,286
<b>TOTAL NONCURRENT LIABILITIES</b>		<b>39,286</b>
<b>TOTAL LIABILITIES</b>		<b>42,212,086</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension plans	Notes 1, 5	52,024
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>52,024</b>
<b>NET POSITION</b>	Note 1	
Net investment in capital assets		199,478,785
Restricted net position for pension		126,466
Unrestricted net position		27,587,044
<b>TOTAL NET POSITION</b>		<b>\$ 227,192,295</b>

The notes to financial statements are an integral part of this statement.



**KING COUNTY FLOOD CONTROL ZONE DISTRICT  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<b>PRIMARY GOVERNMENT</b>					
Flood controls	\$ 59,643,532				\$ 59,643,532
Total primary government					59,643,532
General Revenue					
Taxes:					
Property taxes					58,461,916
Leasehold excise taxes					272,183
Other taxes					34,036
Investment earnings, net of investment expenses					1,666,919
Unrealized investment gain					1,028,427
Total general revenues					61,463,481
<b>CHANGE IN NET POSITION</b>					<b>1,819,949</b>
<b>NET POSITION, BEGINNING OF YEAR</b>					<b>225,372,346</b>
<b>NET POSITION, END OF THE YEAR</b>					<b>\$227,192,295</b>

The notes to financial statements are an integral part of this statement.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2023**

	Reference	General Fund
<b>ASSETS AND OUTFLOWS OF RESOURCES</b>		
Cash and cash equivalents		\$ 64,391,859
Taxes receivable		1,188,865
Other receivable		217,612
Cash advance		4,000,000
<b>TOTAL ASSETS</b>		<b>69,798,336</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<b>69,798,336</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		42,130,222
<b>TOTAL CURRENT LIABILITIES</b>		<b>42,130,222</b>
<b>TOTAL LIABILITIES</b>		<b>42,130,222</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property tax	Note 1	905,012
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>905,012</b>
<b>FUND BALANCES</b>		
	Note 1	
Nonspendable - cash advance		4,000,000
Restricted		-
Committed		66,528,726
Assigned		7,500,000
Unassigned		(51,265,624)
<b>TOTAL FUND BALANCES</b>		<b>26,763,102</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		<b>\$ 69,798,336</b>
Total fund balances - governmental fund		\$ 26,763,102
Amounts reported for governmental activities in the statement of net position (page 7)		
are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund		199,478,785
Accrued compensated absences not reported in governmental fund		(42,578)
GASB 68 pension asset and deferred outflows not reported in governmental fund		179,284
GASB 68 pension liability and deferred inflows not reported in governmental fund		(91,310)
Property taxes levied but unavailable in the governmental fund which were reported as property tax revenue in the statement of activities		905,012
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ 227,192,295</b>

The notes to financial statements are an integral part of this statement.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund
<b>REVENUES</b>	
Property taxes, net of refund of \$139,684	\$ 58,400,131
Leasehold excise taxes	272,183
Other taxes	34,036
Investment income	1,696,786
Unrealized investment gain	1,028,427
<b>TOTAL REVENUES</b>	<b>61,431,563</b>
<b>EXPENDITURES</b>	
Current operating:	
Administrative and other operating expenses	2,412,677
Contracted labor and services	13,892,794
Investment expenses	29,867
Capital projects expenditures	53,690,562
<b>TOTAL EXPENDITURES</b>	<b>70,025,900</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(8,594,337)</b>
<b>TOTAL FUND BALANCES, BEGINNING OF THE YEAR</b>	<b>35,357,439</b>
<b>TOTAL FUND BALANCES, END OF THE YEAR</b>	<b>\$ 26,763,102</b>
Change in fund balances - governmental fund	\$ (8,594,337)
Amounts reported for governmental activities in the statement of activities (page 8) are different because:	
Governmental fund reported capital projects expenditures as expenditures. However, certain capital projects expenditures were reclassified as capital assets in the statement of net position. This is amount capitalized in the current year, net of depreciation expenses.	10,311,373
Net change in accrued expenses for compensated absences not reported in governmental fund but reported in government-wide financial statements	3,121
Expense adjustment related to GASB 68; net pension obligation	38,007
Property taxes earned but unavailable in the governmental fund which were reported as property tax revenue in the prior year statement of activities	61,785
<b>TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,819,949</b>

The notes to financial statements are an integral part of this statement.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of King County Flood Control Zone District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

### **Reporting Entity**

The District, a municipal corporation and independent taxing authority, was established in April 2007 to provide funding and policy oversight for flood protection projects and programs in King County. The District took over several King County flood districts to improve the County's aging and inadequate flood protection facilities and improve countywide flood warnings and flood prediction capacity.

As authorized by the Revised Code of Washington (RCW) 86.15 "Flood Control Zone Districts", the King County Council is the District's Board of Supervisors, the governing body. The Board is staffed by the Executive Director, an outside management consultant who oversees overall performance and who represents the District on behalf of the Board of Supervisors.

The District is considered a special purpose government, supported primarily through property tax levied in King County. All activities for which the District is financially accountable have been incorporated to form the reporting entity. The District has no component units that are required to be included in its financial statements. King County reports the District as a component unit in its financial statements. However, the District, as a separate legal entity, has legal and administrative authority over all its resources.

### **Government-Wide and Fund Financial Statements**

Government-wide financial statements report information on all of the non-fiduciary activities of the District, the primary government, consisting of a statement of net position and a statement of activities. The District reports its governmental activities, which are primarily supported by property taxes.

The statement of activities demonstrates the degree to which the direct expenses of the District's program are offset by the program revenues.

The District's flood control activities are funded by property taxes, which are not considered to be program revenues. Taxes and other items are reported instead as general revenues.

Separate fund financial statements are provided for the governmental fund. Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The general fund, the only major fund, is used to account for all financial resources and activities associated with the primary purpose for which the District was created. The District has no non-major funds.

### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and resulting receivables are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Expenditures related to compensated absences, claims and judgments are recorded only when payment is due.

### **Governmental Accounting Standards Board (GASB) Pronouncements**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement addresses issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District has determined no impact of this GASB statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District has determined no impact of this GASB statement.

GASB Statement No. 99, *Omnibus 2023*. This statement addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement have various effective dates. The District adopted Statement 34 and Statement 63 provisions during 2022. The District has determined no impact of the other provisions of this GASB statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement is an amendment of GASB Statement No. 62; it defines accounting changes and prescribes accounting and financial reporting as well as required disclosures in the notes to financial statements. The requirements of this Statement for changes in accounting principles apply to implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District has implemented this new GASB statement.

GASB Statement No. 101, *Compensated Absences*. This statement aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District is currently evaluating the impact of this new GASB statement.

GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria have been met, it should disclose information in notes to financial statements in sufficient detail to enable users of the financial statements to understand the nature and vulnerability to the risk of substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The District is currently evaluating the impact of this new GASB statement.

### **Budgetary Information**

The District adopts its budget on an annual basis. The budget is based upon the District's goals and its operating and capital programs. Most revenues and expenditures are budgeted on an accrual basis. Capital projects are budgeted on a project basis. Projects are budgeted in their entirety when approved, regardless of anticipated expenditure dates. Each year thereafter, the remaining unexpended portion of each project is budgeted again in the following year.

When the District determines that it is in the best interest of the District to increase or decrease the appropriation of a particular expenditure item, it may do so by resolution approved by its Board of Supervisors.

The budgetary comparison schedule contains the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, allocations, supplemental appropriations, and other legally authorized changes applicable for the year.

The District may over expend appropriations in those instances where no specific limit is identified. In these cases, services that have been appropriately authorized are considered to be eligible for payment and revenue is available to pay for the service.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of pooled investments in the King County Investment Pool (the Pool). The King County Treasurer acts as custodian for the District's cash. The Pool functions essentially as a demand deposit where the District receives an allocation of its proportionate share of pooled earnings. The District's equity share of the Pool's net position is reported on the balance sheet as cash and cash equivalents and reflects the change in fair value of the corresponding investment securities. See Note 2 Deposits and Investments.

### **Receivables**

Taxes receivable consists of property taxes and related interest and penalties (See Note 3 - Property Taxation). Interest receivable consists of amounts earned on pooled investments at the end of the year.

### **Cash Advance**

Advance to the King County Water and Land Resources Division for the District's operating and capital expenditures is included in the nonspendable fund balance in the governmental fund to indicate that it is not available for appropriation and is not an expendable financial resource.

### **Capital Assets**

Capital assets, which include land, easement, construction in progress, levees and facilities, and machine and equipment, are reported in the government-wide financial statements. Construction in progress reports all costs associated with projects being developed. As projects are completed, the related costs are reclassified as levees and facilities

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. Expenditures for maintenance

and repairs are charged to expenses as incurred. It is the District's policy not to capitalize interest on construction of governmental capital assets.

Depreciation of capital assets is recorded using the straight-line method over the following estimated useful lives:

- Levees and Facilities 30 to 75 years
- Machinery and Equipment 5 to 7 years

### **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

As of December 31, 2023, the District had deferred outflows of resources relating to pension plans of \$88,170, which consist of contributions made subsequent to the measurement date and the District's proportionate share of deferred outflows related to those plans. Pension plan contributions made subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year. Deferred outflows of resources for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pension plans are amortized over the expected service lives of all employees provided with pensions through the plans. See Note 5 for more information on pension plans.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

As of December 31, 2023, the District reported deferred inflows of resources related to pension plans of \$52,024 in the statement of financial position, which consist of the District's proportionate share of the pension plan deferred inflows. Deferred inflows of resources for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pension plans are amortized over the average expected service lives of all employees provided with pensions through the plan. See Note 5 for more information on pension plans.

As of December 31, 2023, the District had deferred inflows of resources of \$905,012 in the governmental fund balance sheet for unavailable property tax revenues. The District considers revenues to be unavailable if they are not collected within 60 days after year-end.

### **Classification of Net Position**

In the government-wide financial statements, net positions are classified in the following three components:

*Net Investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable



to the acquisition, construction or improvement of those assets. As of December 31, 2023, the District reported net investment in capital assets of \$199,478,785.

*Restricted* – This component of net position consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net assets.

The restricted net position for pension in the government-wide financial statements is equal to the net pension asset, minus the deferred inflows, plus the deferred outflows. Only the deferred inflows and deferred outflows for the pension plans that have a net pension asset were included. As of December 31, 2023, the District reported \$126,466 of restricted net position for pension.

*Unrestricted* – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. As of December 31, 2023, the District reported unrestricted net position of \$27,587,044.

### **Pensions**

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Fund Balance Classification and Details**

In the fund financial statements, governmental funds report the following classes of fund balances in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Nonspendable fund balances are amounts that cannot be spent because they are either in a nonspendable form or are legally/contractually required to be maintained intact, including inventories, prepaid expenses, advances, etc. As of December 31, 2023, the District had nonspendable funds of \$4,000,000 advanced to King County for payment of reimbursable operating and capital expenditures.

Restricted fund balances are amounts that can be spent only for specific purposes stipulated by donors, grantors, creditors or by law. The District reported no restricted fund balances as of December 31, 2023.

Committed fund balances are amounts that are constrained for a specific purpose determined by a formal action of the District’s Board of Supervisors, the District’s highest level of decision-making authority. The same action is required to remove or change the constraint as it did to impose the constraint. As of December 31,

2023, the District reported \$66,528,726 of committed funds for carryover of unspent appropriations.

Assigned fund balances are amounts constrained by the District's intent that they will be used for specific purposes. The District has adopted its policy to delegate the authority to assign amounts to be used for specific purposes to its Executive Committee. As of December 31, 2023, the District reported \$7,500,000 of assigned funds for self-insured retention relating to its excess liability insurance policy.

Unassigned fund balances are amounts not classified as nonspendable, restricted, committed or assigned in the general fund. Unassigned funds as of December 31, 2023, was a deficit \$51,265,624.

The District's spending policy of its general fund is restricted, assigned, unassigned, and committed. Restricted fund balances are spent first according to the purposes for which restricted funds are received.

Unassigned funds are spent after committed and assigned funds have been exhausted.

#### **Income Tax**

As a public governmental corporation, the District is exempt from federal income taxes.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **NOTE 2        DEPOSITS AND INVESTMENTS**

In accordance with State law, the District's governing body has entered into a formal inter-local agreement with the District's *ex officio* treasurer, King County, to have all of its funds not required for immediate expenditure to be invested in the King County Investment Pool (the Pool).

The Pool is not registered with the Securities and Exchange Commission as an investment company. Oversight is provided by the King County Executive Finance Committee (EFC), which serves the role of the County Finance Committee as defined in RCW 36.48.070. All investments are subject to written policies and procedures adopted by the EFC.

The District receives an allocation of its proportionate share of pooled earnings. Unrealized gains and losses due to changes in the fair values are not distributed to the District. However, the unrealized gain or loss is recognized in the statement of revenues, expenditures and changes in fund balances at year-end in

accordance with accounting standards. As of December 31, 2023, the District had unimpaired pooled investments of \$64,391,588.

#### Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of inputs in valuing the District's investments as of December 31, 2023:

Investments at Fair Value Level	Fair Value 12/31/23	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)
Governmental Agencies	\$ 16,984,595	\$ -	\$ 16,984,595	\$ -
Commercial Paper	7,655,935	-	7,655,935	-
Corporate notes	3,474,122	-	3,474,122	-
U.S. Agency Mortgage-backed Securities	5,918,874	-	5,918,874	-
Treasury Securities	16,405,574	16,405,574	-	-
Subtotals	\$ 50,439,100	\$ 16,405,574	\$ 34,033,525	\$ -

#### **Investments measured at amortized costs (not subject to Fair Value Hierarchy)**

Cash and Cash Equivalents	19
Repurchase Agreements	2,325,412
State government Investment Pool	11,627,057

Subtotal investments measured at cost	13,952,488
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<b>Total investments in Investment Pool</b>	<b>\$ 64,391,588</b>
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U.S. Treasury Securities are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy.

Government Agencies, U.S. Agency Securities, Commercial Paper, Bank Corporate Notes and U.S. Agency Mortgage-backed Securities are valued using standard inputs including

benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications.

Repurchase Agreements and State Government Investment Pool are overnight securities and are not subject to GASB Statement No. 72.

#### Impaired Investment Pool

The King County Executive Finance Committee approved the bifurcation of the investment pool as of September 1, 2008. This separated the impaired investments into their own pool distinct from the main pool of performing investments. The reasons for bifurcating the pool were to: (1) ensure the yield on the performing assets is not negatively impacted by the impaired investments; (2) enhance transparency about the value of the performing pool and the impaired pool; (3) ease the implementation of the restructuring processes for the impaired investments.

For the bifurcation, three impaired commercial paper investments were placed into an impaired investment pool (Impaired Pool). The Impaired Pool holds one commercial paper asset (Victoria), in which the County accepted an exchange offer in 2009 and is receiving cash flows from the investment's underlying securities. For the other two commercial paper investments (Cheyne and Rhinebridge), the County accepted a cash-out option in 2008, based on the results of the separate restructuring auctions conducted by the designated "receiver" of each commercial paper asset.

As of December 31, 2023, all impaired commercial paper investments have completed enforcement events. The District's share of the impaired investment pool principal was \$549, and the fair value of these investments was \$271.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2023, the Pool's average duration was .79 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains or losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

*Credit Risk* is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the price of the investment to decline. As of December 31, 2023, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, the Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least the equivalent of "A"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

### **NOTE 3      PROPERTY TAXATION**

The District is authorized to levy property taxes to fund flood-related services and capital projects. The King County Assessor determines the tax levied against each property in each taxing district. The King County Treasury Operation Section Manager is responsible for billing and collecting taxes.

On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. Tax bills are mailed on February 14th. All taxes are due and payable on April 30th of each year, but if the amount due from a taxpayer exceeds fifty dollars, one-half may be paid on April 30th and the balance is due no later than October 31st of that year. All taxes collected are distributed to the District and kept in the custody of the King County Treasury Division.

In the governmental fund, property taxes levied for the current year are recorded on the balance sheet as taxes receivable and unavailable revenue – property tax at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time taxes receivable and unavailable revenue – property taxes are reduced by the amount of the collection. The amount of taxes receivable at year end that would be collected soon enough to be used to pay liabilities of the current period is not material. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable – delinquent and deferred inflow of resources. For the government-wide financial statements, the deferred inflow of resources related to the current period, net of the allowance for uncollectible property taxes, is reclassified to revenue. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible.

The District is permitted by law to levy a tax rate of 1 percent or \$10 per \$1,000 assessed value. \$58,874,554 was levied for 2023 and \$58,557,985 was collected during 2023, including delinquent taxes from previous years. The District had taxes receivable of \$1,188,865 as of December 31, 2023.

#### **Tax Abatements**

As of December 31, 2023, King County provides tax abatements through three programs – the Current Use Programs, Historic Preservation Program and the Single-family Dwelling Improvement Program. All of these programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers. King County has not determined the District's share of abatements at this time.

## NOTE 4 CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2023 were as follows:

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 84,614,702	\$ 8,066,920	\$ -	\$ 92,681,622
Easements	846,143	16,909	-	863,052
Construction in progress	47,418,135	5,300,976	(40,258,639)	12,460,472
<b>Total capital assets, not being depreciated</b>	<b>132,878,980</b>	<b>13,384,805</b>	<b>(40,258,639)</b>	<b>106,005,146</b>
<b>Capital assets, being depreciated:</b>				
Levees and facilities	66,146,019	40,258,639	-	106,404,658
Machinery and equipment	49,757	5,402	-	55,159
<b>Total capital assets, being depreciated</b>	<b>66,195,776</b>	<b>40,264,041</b>	<b>-</b>	<b>106,459,817</b>
<b>Less accumulated depreciation for:</b>				
Levees and facilities	(9,885,740)	(3,072,542)	-	(12,958,282)
Machinery and equipment	(21,604)	(6,292)	-	(27,896)
<b>Total accumulated depreciation</b>	<b>(9,907,344)</b>	<b>(3,078,834)</b>	<b>-</b>	<b>(12,986,178)</b>
Total capital assets, being depreciated, net	56,288,432	37,185,207	-	93,473,639
<b>Total capital assets, net</b>	<b>\$ 189,167,412</b>	<b>\$50,570,013</b>	<b>\$ (40,258,639)</b>	<b>\$ 199,478,785</b>

Land is acquired in the name of the King County in accordance with the Inter-Local Agreement. As of December 31, 2023, the District reported a total amount of \$92,681,622 as land, which represents historical costs contributed by the District through property tax levied since the formation of the District. The Inter-local Agreement facilitates necessary transfers of land and other capital assets to the District by the King County. As of December 31, 2023, transfers have not taken place.

As of December 31, 2023, the District reported easements totaling \$863,052. This amount represents acquired rights of use over the property of others for the purposes of constructing levees and facilities outside the District's pre-existing right of way limits.

In addition, the District reported flood control construction in progress totaling \$12,460,472 at December 31, 2023. The amount represents capitalizable costs associated with asset-generated projects being developed that have been funded through the property taxes levied by the District. No depreciation is calculated for construction in progress. As projects are completed, the related costs are reclassified as levees and facilities.

Total depreciation expense of \$3,078,834 was charged to the flood control function of the District in 2023.

**NOTE 5      PENSIONS – STATE SPONSORED (DRS) PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2023:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 39,286
Pension assets	\$ 91,114
Deferred outflows of resources	\$ 88,170
Deferred inflows of resources	\$ 52,024
Pension expense/expenditures	\$ (5,978)

**State Sponsored Pension Plans**

Substantially all the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, 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 (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts

for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

#### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>
July – August		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>9.39%</b>	<b>6.00%</b>



<b>PERS Plan 1 - Continued</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
September – December		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 2/3</b>			
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2</b>	<b>Employee 3</b>
January – June			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>	
July – August			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
<b>Total</b>	<b>9.39%</b>	<b>6.36%</b>	
September – December			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
<b>Total</b>	<b>9.53%</b>	<b>6.36%</b>	

The District's actual PERS plan contributions were \$11,187 to PERS Plan 1 and \$20,841 to PERS Plan 2/3 for the year ended December 31, 2023.

### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation

date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime. Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB).

The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	<b>100%</b>	

### Sensitivity of the Net Pension Liability/(Asset)

The table below presents the District's proportionate share\* of the net pension liability calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$ 54,885	\$ 39,286	\$ 25,671
PERS 2/3	\$ 99,097	\$(91,114)	\$(247,384)

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the District reported its proportionate share of the net pension liabilities and assets as follows:

Plan	Liability (or Asset)
PERS 1	\$ 39,286
PERS 2/3	\$(91,114)

At June 30, the District's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.001665%	0.001721%	0.000056%
PERS 2/3	0.002177%	0.002223%	0.000046%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

**Pension Expense**

For the year ended December 31, 2023, the District recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 1,445
PERS 2/3	(7,423)
TOTAL	\$ (5,978)

### Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	4,432
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	5,227	-
<b>TOTAL</b>	<b>\$ 5,227</b>	<b>\$ 4,432</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,560	\$ 1,018
Net difference between projected and actual investment earnings on pension plan investments	-	34,337
Changes of assumptions	38,252	8,338
Changes in proportion and differences between contributions and proportionate share of contributions	15,136	3,899
Contributions subsequent to the measurement date	10,995	-
<b>TOTAL</b>	<b>\$ 82,943</b>	<b>\$ 47,592</b>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS1</b>
2024	\$ (3,015)
2025	\$ (3,792)
2026	\$ 2,338
2027	\$ 37
2028	\$ -
Thereafter	\$ -
<b>Year ended December 31:</b>	<b>PERS 2/3</b>
2024	\$ (12,999)
2025	\$ (16,586)
2026	\$ 31,646
2027	\$ 12,725
2028	\$ 9,363
Thereafter	\$ 207

## **NOTE 6 RISK MANAGEMENT AND CONTINGENCIES**

The District's risk-of-loss exposures include exposure to liability, accidental loss of real and personal property as well as human resources. The District's operations involve a variety of high-risk activities including, but not limited to, construction and maintenance activities. The District manages these risks with assistance from King County in order to reduce the exposure from liability and accidental loss of property and human resources. The risk management costs through King County are reimbursable by the District.

The District also has excess liability insurance coverage with Alliant Insurance Services that covers the District, its board members, employees and staff. The total coverage amount is \$100 million with a self-insured retention of \$7.5 million. Under this type of policy, the District is responsible for the administration of all claims, which would be managed by King County on its behalf.

There were no claims against the District during the year 2023.

King County Flood Control District 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, 2023, there were 519 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 policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery 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 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 <sup>(1)</sup>
<b>Liability:</b>				
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 <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000



Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

- (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. By meeting established guidelines, the co-pay may be waived.

**Property <sup>(2)</sup>:**

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage <sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	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 \$1 billion 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 \$2 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.

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 7            COMMITMENT**

Since April 2008, the District has entered into an inter-local agreement with King County for administering and implementing flood protection projects and services. The District pays the County for all actual costs incurred for providing the services under this agreement. The County billed \$67,583,356 to the District during 2023, and \$41,505,464 was due to the County as of December 31, 2023. The District has advanced \$4,000,000 to the County for prepayment of reimbursable costs.

In addition, King County Council (the Council) provided clerk's services to the District during all of 2023. The District was charged labor costs and overhead. The total expenses billed to the District by the Council was \$395,680. Also, the District reimburses any reimbursable expenditures paid on the behalf of the District to manage the District activities. At December 31, 2023, the District reported \$389,892 due to the Council.

**NOTE 8            SUBSEQUENT EVENTS**

The Management evaluated all activities of the District through the date financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT  
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Revised Budget	Actual	% of Budget	Remaining Balance
<b>REVENUES</b>					
Property taxes	\$ 58,880,026	\$ 58,880,026	\$ 58,400,131	99%	\$ 479,895
Other taxes	-	-	306,219	n/a	(306,219)
Investment income, net of investment expenses	-	-	1,666,919	n/a	(1,666,919)
Total revenue	58,880,026	58,880,026	60,373,269	103%	(1,493,243)
<b>EXPENDITURES</b>					
Administration and management	2,338,637	2,488,637	2,412,677	97%	75,960
Intergovernmental services	15,658,156	16,062,156	13,892,794	86%	2,169,362
Capital program expenditures	83,467,148	261,750,267	53,690,562	21%	208,059,705
Total expenditures	101,463,941	280,301,060	69,996,033	25%	\$ 210,305,027
Excess of revenues over expenditures	(42,583,915)	(221,421,034)	(9,622,764)		
Adjustment from budgetary basis to GAAP basis			1,028,427		
<b>CHANGES IN FUND BALANCE</b>	\$ (42,583,915)	\$ (221,421,034)	(8,594,337)		
<b>FUND BALANCE, AS OF JANUARY 1, 2023</b>			35,357,439		
<b>FUND BALANCE, AS OF DECEMBER 31, 2023</b>			\$ 26,763,102		
<b>Elements of adjustment from budgetary basis to GAAP basis:</b>					
Recognition of unrealized investment gain					\$ 1,028,427
<b>Adjustment from budgetary basis to GAAP basis</b>					<u>\$ 1,028,427</u>

**KING COUNTY FLOOD CONTROL ZONE DISTRICT**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**PERS 1 UAAL**  
**As of June 30 2023**  
**Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Employer's proportion of the net pension liability (asset)</u>	0.001721%	0.001665%	0.001485%	0.00%
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ 39,286	\$ 46,360	\$ 18,135	\$ 0
<u>Covered payroll</u>	\$ 327,686	\$ 296,243	\$ 227,180	\$ 0
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	12%	16%	8%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	80.16%	76.56%	88.74%	0.00%

**Notes to Schedule:**

\*First payroll issued in November 2020.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**PERS 2/3**  
**As of June 30 2023**  
**Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Employer's proportion of the net pension liability (asset)</u>	0.002223%	0.002177%	0.001899%	0.00%
<u>Employer's proportionate share of the net pension liability (asset)</u> \$	(91,114) \$	(80,740) \$	(189,171) \$	0
<u>Covered payroll</u> \$	327,686 \$	296,243 \$	227,180 \$	0
<u>Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll</u>	-27.8053%	-27.2547%	-83.2692%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>	107.02%	106.73%	120.29%	0.00%

**Notes to Schedule:**

\*First payroll issued in November 2020.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT**  
**Schedule of Employer Contributions**  
**PERS 1 UAAL**  
**For the year ended June 30, 2023**  
**Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily or contractually required contributions	\$ 11,187	\$ 11,116	\$ 11,064	\$ 0
Contributions in relation to the statutorily or contractually required contributions	\$ 11,187	\$ 11,116	\$ 11,064	\$ 0
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 327,686	\$ 296,243	\$ 227,180	\$ 0
Contributions as a percentage of covered payroll	3.41%	3.75%	4.87%	0.00%

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**KING COUNTY FLOOD CONTROL ZONE DISTRICT**  
**Schedule of Employer Contributions**  
**PERS 2/3**  
**For the year ended June 30, 2023**  
**Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Statutorily or contractually required contributions</u>	\$ 20,841	\$ 18,841	\$ 17,993	\$ 3,412
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ 20,841	\$ 18,841	\$ 17,993	\$ 3,412
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
<u>Covered payroll</u>	\$ 327,686	\$ 296,243	\$ 227,180	\$ 26,307
<u>Contributions as a percentage of covered payroll</u>	6.36%	6.36%	7.92%	12.97%

**Notes to Schedule:**

\*Until a full 10-year trend is compiled, only information for those years available is presented.



## 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.

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