



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Bainbridge Island Fire Department

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

Published December 22, 2022

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

December 22, 2022

Board of Commissioners
Bainbridge Island Fire Department
Bainbridge Island, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

Bainbridge Island Fire Department January 1, 2020 through December 31, 2021

Board of Commissioners
Bainbridge Island Fire Department
Bainbridge Island, 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 Bainbridge Island Fire Department, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 15, 2022.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Bainbridge Island Fire Department January 1, 2020 through December 31, 2021

Board of Commissioners
Bainbridge Island Fire Department
Bainbridge Island, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Bainbridge Island Fire Department, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Bainbridge Island Fire Department, and its changes in cash and investments, for the years ended December 31, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Bainbridge Island Fire Department, as of December 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2022

FINANCIAL SECTION

Bainbridge Island Fire Department January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

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Bainbridge Island Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		<u>Total for All Funds (Memo Only)</u>	<u>001 General</u>	<u>201 Debt Service</u>	<u>301 Capital</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	10,416,261	9,976,629	64,531	375,101
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	12,148,644	11,035,533	1,113,111	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	818,582	818,529	53	-
340	Charges for Goods and Services	1,075,569	1,075,569	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	39,885	36,911	1,072	1,902
Total Revenues:		<u>14,082,680</u>	<u>12,966,542</u>	<u>1,114,236</u>	<u>1,902</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	10,437,160	10,437,160	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>10,437,160</u>	<u>10,437,160</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		3,645,520	2,529,382	1,114,236	1,902
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	500,000	-	-	500,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	11,768	11,768	-	-
Total Other Increases in Fund Resources:		<u>511,768</u>	<u>11,768</u>	<u>-</u>	<u>500,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	183,681	-	-	183,681
591-593, 599	Debt Service	1,108,038	-	1,108,038	-
597	Transfers-Out	500,000	500,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>1,791,719</u>	<u>500,000</u>	<u>1,108,038</u>	<u>183,681</u>
Increase (Decrease) in Cash and Investments:		<u>2,365,569</u>	<u>2,041,150</u>	<u>6,198</u>	<u>318,221</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	70,729	-	70,729	-
50841	Committed	-	-	-	-
50851	Assigned	1,804,896	1,111,574	-	693,322
50891	Unassigned	10,906,205	10,906,205	-	-
Total Ending Cash and Investments		<u>12,781,830</u>	<u>12,017,779</u>	<u>70,729</u>	<u>693,322</u>

The accompanying notes are an integral part of this statement.

Bainbridge Island Fire Department
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		<u>Total for All Funds (Memo Only)</u>	<u>001 General</u>	<u>201 Debt Service</u>	<u>301 Capital</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	8,836,104	8,392,967	62,605	380,532
388 / 588	Net Adjustments	1,455	1,455	-	-
Revenues					
310	Taxes	11,803,915	10,695,256	1,108,659	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	640,954	605,628	70	35,256
340	Charges for Goods and Services	915,990	915,990	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	80,385	74,565	2,234	3,586
Total Revenues:		<u>13,441,244</u>	<u>12,291,439</u>	<u>1,110,963</u>	<u>38,842</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	9,709,335	9,709,335	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>9,709,335</u>	<u>9,709,335</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		3,731,909	2,582,104	1,110,963	38,842
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,000,000	-	-	1,000,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	20,100	100	-	20,000
Total Other Increases in Fund Resources:		<u>1,020,100</u>	<u>100</u>	<u>-</u>	<u>1,020,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,064,273	-	-	1,064,273
591-593, 599	Debt Service	1,109,038	-	1,109,038	-
597	Transfers-Out	1,000,000	1,000,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>3,173,311</u>	<u>1,000,000</u>	<u>1,109,038</u>	<u>1,064,273</u>
Increase (Decrease) in Cash and Investments:		<u>1,578,698</u>	<u>1,582,204</u>	<u>1,925</u>	<u>(5,431)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	64,531	-	64,531	-
50841	Committed	-	-	-	-
50851	Assigned	1,468,867	1,093,766	-	375,101
50891	Unassigned	8,882,863	8,882,863	-	-
Total Ending Cash and Investments		<u>10,416,261</u>	<u>9,976,629</u>	<u>64,531</u>	<u>375,101</u>

The accompanying notes are an integral part of this statement.

Bainbridge Island Fire Department
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Bainbridge Island Fire Department was incorporated on October 19, 1942 and operates under the laws of the state of Washington applicable to a fire district. The Department is a special purpose local government and provides fire protection and emergency medical services to Bainbridge Island.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to a maximum of one year's accrual and is payable upon separation or retirement. For represented employees, sick leave accrued prior to January 1, 2015 is paid out at 100%. Sick leave accrued after January 1, 2015 is paid out at 75%. Upon separation or retirement employees receive a calculated distribution to their Health Retirement Account for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5 – *Long-term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Resolution of the Board of Fire Commissioners. When expenditures that meet restrictions are incurred, the Department intends to use the most restricted resources first. Restriction of Ending Cash and Investments consist of \$70,729 for the purpose of bond debt service payments for the fire station rebuild capital project.

Note 2 - Budget Compliance

The Department adopts annual appropriated budgets for 3 funds by Resolution. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 11,097,768	\$ 11,026,101	\$ 71,667
Debt Service Fund	\$ 1,108,038	\$ 1,108,038	\$ 0
Capital Fund	\$ 700,000	\$ 184,506	\$ 515,494

Budgeted amounts are authorized to be transferred between funds; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Department’s Board of Fire Commissioners.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Department implemented safety measures for staff, the public and patients, and direct financial impacts have been mitigated through monies received, or anticipated to be received, from FEMA. The Department was also a major partner in the effort to mass vaccinate the population of Bainbridge Island and the surrounding community. Direct financial impacts from the mass vaccination effort have been reimbursed via a Department of Health contract.

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

Note 4 – Deposits and Investments

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

<u>Type of deposit or investment</u>	
Bank deposits	\$ 74,764
Kitsap County Investment Pool	\$ 12,707,066
Total	\$ 12,781,830

It is the Department’s policy to invest all temporary cash surpluses. The interest on these investments is deposited into the fund in which it was earned.

Investments in Kitsap County Investment Pool (KCIP)

The Department is an involuntary participant in the KCIP, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The County reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The KCIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

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

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

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

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

The debt service requirements for capital bonds are as follows:

Year	Principal	Interest	Total
2022	\$ 680,000	\$ 425,538	\$1,105,538
2023	\$ 715,000	\$ 391,538	\$1,106,538
2024	\$ 750,000	\$ 355,788	\$1,105,788
2025	\$ 790,000	\$ 318,288	\$1,108,288
2026	\$ 830,000	\$ 278,788	\$1,108,788
2027 - 2031	\$4,615,000	\$ 917,788	\$5,532,788
2032 - 2034	\$3,120,000	\$ 200,888	\$3,320,888
Total	\$11,500,000	\$2,888,616	\$14,388,616

Note 6 – OPEB Plan

The Department provides Post-Employment Benefits as required by RCW 46.26.150. The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the Bainbridge Island Fire Department. The plan pays for 100% of eligible LEOFF 1 retirees’ healthcare costs on a pay-as-you-go basis. Using the alternative measurement method, the December 31, 2021 OPEB liability was \$1,890,093. The Department’s plan covered 3 members and paid \$ 27,986 in benefits.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the Department’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS Plan 2, PERS Plan 3 and LEOFF Plan 2.

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

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

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

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

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

At June 30, 2021 (the measurement date of the plans), the Department's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 29,782	0.003998 %	\$ 48,825
PERS 2/3	\$ 48,626	0.005133 %	\$ (511,329)
LEOFF 1	0	0.005654 %	\$ (193,681)
LEOFF 2	\$ 272,379	0.136637 %	\$ (7,936,443)
VFFRPF	\$ 840	0.43 %	\$ (95,024)

LEOFF Plan 1

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

LEOFF Plan 2

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

B. Defined Contribution Pension Plans

The Department offers a defined contribution pension plan to one administrative employee per an employment contract with the Board of Fire Commissioners. The 401(a) defined contribution pension plan is administered by:

Spectrum Pension Consultants
6402 19th Street West
Tacoma, WA 98466

The employee was fully vested upon enrollment in the plan and contributions are made monthly. As a percent of salary, the employee contribution rate is 5.08% and the employer contribution rate is 7.62%. Employer paid contributions for 2021 were \$15,813.

Note 8 - Property Tax

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

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

The Department's regular levy for the year 2021 was \$.755707 per \$1,000 on an assessed valuation of \$9,562,650,167 for a total regular levy of \$7,226,563.

The Department's voted bond levy for the year 2021 was \$.116432 per \$1,000 on an assessed valuation of \$9,516,539,300 for a total bond levy of \$1,107,985.

The Department's EMS levy for the year 2021 was \$.394686 per \$1,000 on an assessed valuation of \$9,562,650,167 for a total EMS levy of \$3,774,245.

Note 9 – Risk Management

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

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage,

which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a “claims made” coverage form. All other coverage is provided on an “occurrence” coverage form.

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

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

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

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

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

Property ⁽²⁾:

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

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
			(shared by Pool members)	
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

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

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 10 – Asset Retirement Obligation

The Department has liability associated with asset removal obligations on leased property. A communications tower and associated shed were constructed by the Department on the leased property with removal specified at the conclusion of the lease. The 99-year lease was entered into in 1996. At this time, the Department does not plan to remove the asset and does not have an estimate of the retirement obligation liability related to removal of the asset.

Bainbridge Island Fire Department
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The Bainbridge Island Fire Department was incorporated on October 19, 1942 and operates under the laws of the state of Washington applicable to a fire district. The Department is a special purpose local government and provides fire protection and emergency medical services to Bainbridge Island.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to a maximum of one year's accrual and is payable upon separation or retirement. For represented employees, sick leave accrued prior to January 1, 2015 is paid out at 100%. Sick leave accrued after January 1, 2015 is paid out at 75%. Upon separation or retirement employees receive a calculated distribution to their Health Retirement Account for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5 - *Debt Service Requirements*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Resolution of the Board of Fire Commissioners. When expenditures that meet restrictions are incurred, the Department intends to use the most restricted resources first. Restriction of Ending Cash and Investments consist of \$64,531 for the purpose of bond debt service payments for the fire station rebuild capital project.

Note 2 - Budget Compliance

The Department adopts annual appropriated budgets for 3 funds by Resolution. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 11,035,774	\$ 10,755,882	\$ 279,892

Debt Service Fund	\$ 1,109,038	\$ 1,109,038	\$ 0
Capital Fund	\$ 1,100,000	\$ 1,064,273	\$ 35,727

Budgeted amounts are authorized to be transferred between funds; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Department’s Board of Fire Commissioners.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The Department moved all administrative employees to remote work status as of March 2020. Fire stations were closed to all non-first responder uses and numerous precautions were instituted to protect patients, the public and the emergency responders. COVID-19 specific expenses of approximately \$144,000 have been documented and submitted for FEMA reimbursement.

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

Note 4 – Deposits and Investments

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

<u>Type of deposit or investment</u>	
Bank deposits	\$ 57,641
Kitsap County Investment Pool	\$ 10,358,620
Total	\$ 10,416,261

It is the Department’s policy to invest all temporary cash surpluses. The interest on these investments is deposited into the fund in which it was earned.

Investments in Kitsap County Investment Pool (KCIP)

The Department is an involuntary participant in the KCIP, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The County reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The KCIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

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

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

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

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

The debt service requirements for capital bonds are as follows:

Year	Principal	Interest	Total
2021	\$ 650,000	\$ 458,038	\$1,108,038
2022	\$ 680,000	\$ 425,538	\$1,105,538
2023	\$ 715,000	\$ 391,538	\$1,106,538
2024	\$ 750,000	\$ 355,788	\$1,105,788
2025	\$ 790,000	\$ 318,288	\$1,108,288
2026 - 2030	\$4,465,000	\$1,068,338	\$5,533,338
2031 - 2034	\$4,100,000	\$ 329,125	\$4,429,125
Total	\$12,150,000	\$3,346,650	\$15,496,650

Note 6 – OPEB Plan

The Department provides Post-Employment Benefits as required by RCW 46.26.150. The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the Bainbridge Island Fire Department. The plan pays for 100% of eligible LEOFF 1 retirees' healthcare costs on a pay-as-you-go basis. Using the alternative measurement method, the December 31, 2020 OPEB liability was \$1,846,218. The Department's plan covered 3 members and paid \$ 20,923 in benefits.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the Department's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS Plan 2, PERS Plan 3 and LEOFF Plan 2.

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

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

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

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

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

At June 30, 2020 (the measurement date of the plans), the Department's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 27,429	0.003785 %	\$ 133,631
PERS 2/3	\$ 45,638	0.004954 %	\$ 63,359
LEOFF 1	0	0.005518 %	\$ (104,208)
LEOFF 2	\$ 255,696	0.130711 %	\$ (2,666,314)
VFFRPF	\$ 690	0.36 %	\$ (125,177)

LEOFF Plan 1

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

LEOFF Plan 2

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

B. Defined Contribution Pension Plans

The Department offers a defined contribution pension plan to one administrative employee per an employment contract with the Board of Fire Commissioners. The 401(a) defined contribution pension plan is administered by:

ICMA Retirement Corporation
777 North Capital Street, NE
Washington, DC 20002

The employee was fully vested upon enrollment in the plan and contributions are made monthly. As a percent of salary, the employee contribution rate is 5.08% and the employer contribution rate is 7.62%. Employer paid contributions for 2020 were \$25,864.

Note 8 - Property Tax

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

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

The Department's regular levy for the year 2020 was \$.762951 per \$1,000 on an assessed valuation of \$9,222,192,924 for a total regular levy of \$7,036,084.

The Department's voted bond levy for the year 2020 was \$.120848 per \$1,000 on an assessed valuation of \$9,177,130,260 for a total bond levy of \$1,108,968.

The Department's EMS levy for the year 2020 was \$.399999 per \$1,000 on an assessed valuation of \$9,222,192,924 for a total EMS levy of \$3,688,877.

Note 9 – Risk Management

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

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

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

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

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

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

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

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

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

Note 10 – Asset Retirement Obligation

The Department has liability associated with removal obligations on leased property. A communications tower and associated shed were constructed by the Department on the leased property with removal specified at the conclusion of the lease. The 99-year lease was entered into in 1996. At this time, the Department does not have an estimate of the liability related to removal.

Note 11 – Reconciling Item

In March 2020, a vendor informed the Department that a December 2019 warrant for \$387,429 was lost and a reissue was required. The accounting transaction changed the 2019 reported year-end and 2020 beginning cash positions. The expenditure was recorded in 2019.

**Bainbridge Island Fire Department
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Rebuild Fire Stations	12/1/2034	12,150,000	-	650,000	11,500,000
	Total General Obligation Debt/Liabilities:		12,150,000	-	650,000	11,500,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		2,018,040	133,311	-	2,151,351
264.30	DRS Net Pension		196,990	-	148,165	48,825
264.40	OPEB Liability - LEOFF 1		1,846,218	43,875	-	1,890,093
	Total Revenue and Other (non G.O.) Debt/Liabilities:		4,061,248	177,186	148,165	4,090,269
	Total Liabilities:		16,211,248	177,186	798,165	15,590,269

**Bainbridge Island Fire Department
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Rebuild Fire Stations	12/1/2034	12,770,000	-	620,000	12,150,000
	Total General Obligation Debt/Liabilities:		12,770,000	-	620,000	12,150,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,849,277	168,763	-	2,018,040
264.30	DRS Net Pension		101,495	95,495	-	196,990
264.40	OPEB Liability		1,668,136	178,082	-	1,846,218
	Total Revenue and Other (non G.O.) Debt/Liabilities:		3,618,908	442,340	-	4,061,248
	Total Liabilities:		16,388,908	442,340	620,000	16,211,248

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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webmaster@sao.wa.gov