

OFFICIAL STATEMENT (Dated October 5, 2020)

NEW ISSUE - "BANK QUALIFIED"
BOOK-ENTRY ONLY

S&P GLOBAL BOND RATING: A
(See "BOND RATING" herein)

In the opinion of Foster Garvey PC of Seattle, Washington ("Bond Counsel"), under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, interest on the Bonds received by S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Bonds may have other federal tax consequences for certain taxpayers. See the heading "TAX MATTERS" herein.

\$985,000



FIRE PROTECTION DISTRICT NO. 51
(SNOQUALMIE PASS FIRE AND RESCUE)
KING AND KITTITAS COUNTIES, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2020

DATED: Date of Initial Delivery

DUE: December 1, as shown below

Fire Protection District No. 51 (Snoqualmie Pass Fire and Rescue), King and Kittitas Counties, Washington (the "District") is issuing its Limited Tax General Obligation Improvement and Refunding Bonds, 2020 (the "Bonds") in fully registered form in the denomination of \$5,000 each or integral multiples thereof within a single maturity ("Authorized Denominations"). The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. Interest on the Bonds will be paid semiannually on December 1 and June 1, beginning December 1, 2020, to the maturity or prior redemption of the Bonds. Principal of and interest on the Bonds will be payable by the fiscal agent of the State of Washington (the "State"), currently U.S. Bank National Association, Seattle, Washington (the "Registrar"), as further described herein. For so long as the Bonds remain in a "book-entry only" transfer system, the Registrar will make such payments only to DTC, which in turn is obligated to remit such principal and interest to DTC participants for subsequent disbursement to beneficial owners of the Bonds as further described in Appendix B.

MATURITY SCHEDULE

Due Dec. 1	Amount	Interest Rates	Yield	CUSIP No.	Due Dec. 1	Amount	Interest Rates	Yield	CUSIP No.
2020	\$80,000	0.27%	0.27%	49461D BP4	2026	\$85,000	0.87%	0.87%	49461D BV1
2021	80,000	0.35	0.35	49461D BQ2	2027	85,000	1.04	1.04	49461D BW9
2022	80,000	0.41	0.41	49461D BR0	2028	85,000	1.23	1.23	49461D BX7
2023	85,000	0.52	0.52	49461D BS8	2029	85,000	1.30	1.30	49461D BY5
2024	80,000	0.60	0.60	49461D BT6	2030	80,000	1.38	1.38	49461D BZ2
2025	80,000	0.72	0.72	49461D BU3	2031	80,000	1.48	1.48	49461D CA6

The Bonds are subject to optional redemption prior to their stated maturity dates. See the heading "DESCRIPTION OF THE BONDS -- Redemption of Bonds Prior to Maturity."

Simultaneously with the issuance of the Bonds, the District is issuing Unlimited Tax General Obligation Refunding Bonds, 2020.

The District has designated the Bonds as "qualified tax-exempt obligations" for banks, thrift institutions and other financial institutions. See the heading "TAX MATTERS -- Certain Other Federal Tax Consequences" herein.

The Bonds are limited tax general obligations of the District. For as long as any of the Bonds are outstanding, the District has irrevocably pledged that it will, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the District are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge is enforceable in mandamus against the District. See the heading "SECURITY" herein. The District's ability to levy and collect the foregoing taxes is subject to certain limitations. See the heading "PROPERTY TAX INFORMATION -- Regular Property Taxes" herein. **The Bonds do not constitute a debt or indebtedness of King County, Kittitas County (together, the "Counties"), the State, or any political subdivision thereof other than the District.**

The Bonds are offered by Martin Nelson & Co., Inc. (the "Underwriter"), when, as and if issued, subject to the final approving legal opinion of Bond Counsel. It is anticipated that the Bonds will be ready for delivery through DTC by Fast Automated Securities Transfer on or about October 8, 2020 (the "Date of Initial Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



No dealer, broker, sales representative or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from District officials and other sources which the District believes to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The District makes no representation regarding the accuracy or completeness of Bond Counsel's form of opinion, or information related to the Underwriter, or information provided by the Underwriter regarding the reoffering prices, or the information provided in "APPENDIX B - BOOK-ENTRY ONLY SYSTEM," which has been obtained from DTC's website. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other person described herein since the date hereof. Information on website addresses set forth in this Official Statement are not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon in making investment decisions with respect to the Bonds.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In connection with the offering of the Bonds, the Underwriter may effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds will not be registered with the Securities and Exchange Commission under the Securities Act of 1933, in reliance upon a specific exemption contained in such act. The Bonds may, however, be subject to qualification under the securities laws of various states, and may not be transferred in violation of such state laws. The qualification of the Bonds in accordance with applicable provisions of the securities laws of the states in which the Bonds have been qualified, if any, and exemption from qualification in other states, shall not be regarded as a recommendation thereof. No state nor any state or federal agency has passed upon the merits of these Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The CUSIP numbers herein were obtained by the Underwriter from CUSIP Global Services. The District makes no representation as to the accuracy thereof. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are included in this Official Statement for convenience of the holders and potential holders of the Bonds. The CUSIP numbers were provided by CUSIP Global Services and are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the Date of Initial Delivery of the Bonds.

The achievement of certain results or other expectations contained in forward-looking statements in this Official Statement involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

**FIRE PROTECTION DISTRICT NO. 51
KING AND KITTITAS COUNTIES, WASHINGTON
(Snoqualmie Pass Fire and Rescue)**

1211 State Route WA-906
P.O. Box 99
Snoqualmie Pass, Kittitas County, WA 98068-0099
Phone: (425) 434-6333
Fax: (425) 434-6355
Website: www.snoqualmiepassfirerescue.org¹

Board of Fire Commissioners

William J. Powers, Jr.	Chair
Lloyd Holman	Commissioner
Morris Hanan	Commissioner
Walter Anderson	Commissioner
Jim Sammet**	Commissioner

** Appointed April 2020.

Fire District Staff

Jay Wiseman	Fire Chief
Matt Cowan	Deputy Chief
Francine Curd	Audit Officer

Kittitas County Officials

Mike Hougardy	Assessor
Jerry V. Pettit	Auditor
Amy Cziske	Treasurer

(*ex officio* Treasurer of the District)

King County Officials

John Wilson	Assessor
Ken Guy	Dir. Of Finance & Operations, Dept. of Exec. Svcs.

Bond Counsel

Foster Garvey PC
Seattle, Washington

Registrar

Washington State Fiscal Agent
(currently U.S. Bank National Association)

Underwriter



Martin
Nelson &
Company

Public Finance Department
Seattle, Washington

¹ The District's website is not part of this Official Statement, and investors should not rely on information presented in the District's website in determining whether to purchase the Bonds. This inactive textual reference to the District's website is not a hyperlink and does not incorporate the District's website by reference.

TABLE OF CONTENTS

INTRODUCTION	1
Authorization for Issuance.....	1
DESCRIPTION OF THE BONDS	1
Principal Amount, Dates, Interest Rates and Maturities	1
Registrar; Registration and Transfer of Bonds.....	1
Redemption of Bonds Prior to Maturity.....	2
Failure to Pay Bonds.....	2
Refunding or Defeasance.....	2
PURPOSE AND USE OF PROCEEDS	3
Purpose	3
Refunding Plan	3
Certification of Mathematical Calculations	4
Sources and Uses of Funds	4
SECURITY	4
Limitations on Remedies	5
Municipal Bankruptcy	5
Dissolution.....	5
DISTRICT DEBT	6
General	6
General Obligation Indebtedness.....	6
Statutory Limits on General Obligation Indebtedness (Debt Capacity)	6
Outstanding General Obligation Indebtedness.....	9
Debt Payment Record	9
Future Financings	9
PROPERTY TAX INFORMATION	9
Authorized Property Taxes	9
Limitations on Regular Property Levies	10
Aggregate Levy Limits and Prorationing.....	11
Overlapping Taxing Districts.....	13
TAX VALUATION AND COLLECTIONS	14
Assessed Valuation Determination	14
Tax Collection Procedure	14
Benefit Charges	16
Largest Taxpayers.....	17
THE DISTRICT	17
District Profile	17
District Organization	18
Labor Relations	19
Pension and Other Post-Employment Benefits	19
Risk Management	20
Financial Information	20
Authorized Investments.....	21
Local Government Investment Pool	22
District's Investments	22
Financial Statements.....	23
ECONOMIC AND DEMOGRAPHIC INFORMATION	24
INITIATIVES AND REFERENDUM	28
General	28
Future Initiatives.....	28
TAX MATTERS	29
Certain Other Federal Tax Consequences.....	29
NO CONTINUING DISCLOSURE	30
UNDERWRITING AND LEGAL	30
Underwriting Agreement.....	30
Rating	30
Absence of Material Litigation	30
Legal Opinion.....	30
Conflicts of Interest	31
Miscellaneous	31
Official Statement Certificate	32
<u>Appendices</u>	
FORM OF THE LEGAL OPINION	Appendix A
BOOK-ENTRY ONLY SYSTEM	Appendix B
FINANCIAL AUDIT REPORT	Appendix C

**OFFICIAL STATEMENT
FIRE PROTECTION DISTRICT NO. 51
(Snoqualmie Pass Fire and Rescue)
KING AND KITTITAS COUNTIES, WASHINGTON
\$985,000**

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2020

INTRODUCTION

The District, a municipal corporation duly organized and existing under and by virtue of the laws of the State, furnishes this Official Statement in connection with the offering of the Bonds. This Official Statement, which includes the cover page and appendices, provides information concerning the District and the Bonds. Capitalized terms used herein, if not specifically defined herein, are used as defined in Resolution No. 2020-18 (the “Bond Resolution”) adopted on September 16, 2020, by the Board of Fire Commissioners of the District (the “Board”).

Authorization for Issuance

The Bonds are being issued pursuant to the Bond Resolution and the authority of chapters 39.36, 39.46, 39.53 and 52.16 of the Revised Code of Washington (“RCW”).

DESCRIPTION OF THE BONDS

Principal Amount, Dates, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount of \$985,000 in fully registered form in the denomination of \$5,000 each or integral multiples thereof within a single maturity and will be dated and bear interest from their date of initial delivery to the Underwriter. The Bonds will mature on the dates and in the principal amounts and will bear interest (payable semiannually on each December 1 and June 1, beginning December 1, 2020) at the respective rates per annum set forth on the cover of this Official Statement until their stated dates of maturity or earlier redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Registrar; Registration and Transfer of Bonds

Book-Entry System. The Bonds will be issued as fully registered bonds and, when issued, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as initial securities depository for the Bonds (the “Securities Depository”). Individual purchases and sales of the Bonds may be made in book-entry form only in Authorized Denominations. Purchasers of beneficial interests in the Bonds (“Beneficial Owners”) will not receive certificates representing their interest in the Bonds. For information about DTC and its book-entry system, see APPENDIX B - BOOK-ENTRY ONLY SYSTEM. The District makes no representation as to the accuracy or completeness of the information in Appendix B obtained from DTC’s website at www.dtcc.com. Purchasers of the Bonds should confirm this information with DTC or its participants.

Registrar. Principal of and interest on the Bonds will be payable by the Registrar, currently U.S. Bank National Association or such other fiscal agent or agents as the State may from time to time so designate. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Registrar to DTC, which, in turn, is obligated to remit such principal and interest to DTC participants for subsequent disbursement to Beneficial Owners of the Bonds, as further described under “Book-Entry Only System” in Appendix B.

No Book-Entry System. During any period in which the Bonds are not in book-entry only form, principal of and interest on the Bonds will be payable by the Registrar (or such other fiscal agent or agents as the State or the Treasurer may from time to time designate). Interest on each Bond will be payable by electronic transfer on the interest payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register at the Registrar’s close of business on the 15th day of the month preceding the interest payment date (the “Record Date”). The District is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond will be payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar.

Termination of Book-Entry System. If (i) DTC resigns as the Securities Depository and the District does not appoint a substitute Securities Depository, or (ii) the District terminates the services of the Securities Depository, the District will

execute, authenticate and deliver at no cost to the Beneficial Owners of the Bonds or their nominees, Bonds in fully registered form, in Authorized Denominations.

Transfer and Exchange of Bonds. The Bonds will be subject to transfer and exchange as provided in the Resolution. See APPENDIX B – BOOK ENTRY ONLY SYSTEM.

Redemption of Bonds Prior to Maturity

Optional Redemption. Bonds maturing in the years 2020 through 2025, inclusive, will be issued without the right or option of the District to redeem those Bonds prior to their stated maturity date. The District reserves the right and option to redeem the Bonds maturing on or after December 1, 2026 prior to their stated maturity dates at any time on or after December 1, 2025, as a whole or in part at par plus accrued interest to the date fixed for redemption.

Partial Redemption. Portions of the principal amount of any Bond, in any Authorized Denomination, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar, there will be issued to the Registered Owner, without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

Selection of Bonds for Redemption. If fewer than all of the outstanding Bonds are to be optionally redeemed, the District will select the maturities to be redeemed. The principal portion of any Bond held by DTC in book-entry only form that is to be partially redeemed will be selected in accordance with the Blanket Issuer Letter of Representations between DTC and the District dated December 16, 2010, as it may be amended from time to time (the “Letter of Representations”). If a Bond ceases to be held in book-entry only form, the portion to be partially redeemed will be selected randomly in such manner as the Registrar determines.

Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption will be given in the manner required by DTC in accordance with the Letter of Representations. If the Bonds cease to be in book-entry only form, unless waived by the Registered Owner, the District will cause notice of any intended redemption of Bonds to be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond.

Rescission of Optional Redemption Notice. In the case of optional redemption, the notice of redemption may state that the District retains the right to rescind the redemption notice and the optional redemption of those Bonds by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and a Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

Effect of Redemption. Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption, unless either the notice of redemption is rescinded as described above, or money sufficient to effect such redemption is not on deposit in the Bond Fund (or in an escrow account established to carry out a defeasance of the Bonds).

Open Market Purchases. The District has reserved the right and option to purchase any or all the Bonds offered to the District or in the open market at any time at any price acceptable to the District plus accrued interest to the date of purchase.

Failure to Pay Bonds

If any Bond is not paid when properly presented at its maturity or date fixed for redemption, the District will be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner. The Bonds are not subject to acceleration under any circumstances.

Refunding or Defeasance

The District may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on the affected portion of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity;

and (c) paying the costs of the refunding or defeasance. If the District sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”) money and/or Government Obligations (defined below) maturing at a time or times and bearing interest in amounts sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of the Bond Resolution and in the funds and accounts obligated to the payment of the defeased Bonds will cease and become void. Thereafter, the Owners of defeased Bonds will have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account.

Notice of defeasance of each Bond registered in the name of DTC, or its nominee, will be given as required in accordance with the Letter of Representations for a notice of redemption. Notice of defeasance of each other Bond and the selection of Bonds to be defeased and replacement Bond certificates will be made in accordance with the provisions of the Bond Resolution for redemption prior to maturity.

Government Obligations means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

COVID-19 PANDEMIC

The COVID-19 pandemic is currently affecting local, state, national and global economic activity and has resulted in significant public health emergency response costs borne by the State and its local governments. The COVID-19 pandemic is expected to materially adversely impact the financial condition of the State and local governments from increased costs and revenue reductions due to reductions in taxable economic activity. This Official Statement presents historical data that may not predict near term trends accurately in light of the unprecedented nature of the COVID-19 pandemic. Investors should exercise caution when relying on such data. For a discussion of the impacts of the COVID-19 pandemic on the District and its response, please see “Response to COVID-19 Pandemic” herein.

PURPOSE AND USE OF PROCEEDS

Purpose

Proceeds of the Bonds will be used to: (1) currently refund the District’s Limited Tax General Obligation Bonds, 2010 (the “Refunded Bonds”) maturing in years 2020, 2025 and 2030 and outstanding in the principal amount of \$785,000; and (2) purchase fire apparatus or other equipment with \$150,000 from the proceeds of the Bonds. In addition, a portion of the proceeds of the Bonds will be used to pay the administrative costs of the refunding and the costs of issuance of the Bonds.

Refunding Plan

Upon delivery of the Bonds, the District will enter into a Refunding Trust Agreement with U.S. Bank National Association as Refunding Trustee, to provide for the refunding of the Refunded Bonds. The refunding is being undertaken to achieve a debt service savings. The Refunding Trust Agreement will create an irrevocable trust fund to be held by the Refunding Trustee and to be applied solely to the payment of the Refunded Bonds. The net proceeds of the Bonds deposited with the Refunding Trustee will be invested in noncallable direct obligations of the United States of America (“Acquired Obligations”) that will mature and bear interest at rates sufficient, together with cash held by the Refunding Trustee, to pay the principal of and accrued interest coming due on the call date of the Refunded Bonds (the “Refunding Plan”). The money and Acquired Obligations and earnings thereon in the trust fund will be held solely for the benefit of the registered owners of the Refunded Bonds.

Information on the Refunded Bonds is as follows:

**Fire Protection District No. 51, King and Kittitas Counties, Washington
Limited Tax General Obligation, 2010
Redemption Date December 1, 2020; Redemption (Call) Price 100%**

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP No.</u>
2020	\$ 55,000	4.25%	49461D BC3
2025	315,000	5.10	49461D BH2
2030	<u>415,000</u>	5.75	49461D BN9
TOTAL	<u>\$785,000</u>		

Certification of Mathematical Calculations

The mathematical accuracy of the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations and beginning cash balance, if necessary, to be held by the Refunding Trustee to pay principal of and interest on the Refunded Bonds as described above will be certified by the Underwriter.

These computations will be based upon information and assumptions provided by the Underwriter on behalf of the District.

Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds:

Par Amount of the Bonds	\$985,000.00
Total Sources of Funds	<u>\$985,000.00</u>

Uses of Funds:

Deposit with Refunding Trustee	\$806,060.95
Deposit to LTGO Construction Account	150,000.00
Deposit to LTGO Bond Account	1,363.40
Costs of Issuance ¹	<u>27,575.65</u>
Total Uses of Funds	<u>\$985,000.00</u>

¹ Includes Underwriter’s discount, Bond Counsel fee, rating fee, Refunding Trustee fee and other costs of issuing and selling the Bonds.

SECURITY

The Bonds are limited tax general obligations of the District. For as long as any of the Bonds are outstanding, the District has irrevocably pledged that it will, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money of the District that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the District are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge is enforceable in mandamus against the District.

The Bonds are not secured by or payable from excess property taxes levied by the District (i.e. those tax levies that the District is authorized by its voters to make without regard to rate or amount). The taxes pledged to the payment of the Bonds are regular property taxes. The District’s ability to levy and collect regular property taxes is subject to certain limitations. See the heading “PROPERTY TAX INFORMATION” herein.

THE BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF KING OR KITTITAS COUNTIES, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Limitations on Remedies

State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. The Bonds are not subject to acceleration upon the occurrence of a default. The District is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Registered Owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Registered Owners of earlier and later maturing Bonds. There is no express provision in the State constitution or law on the priority of payment of debt service on limited tax general obligation bonds issued by Washington municipalities as to the payment of other obligations of the municipality. Under the State laws and constitution, excess levies approved by the voters for the purpose of retiring unlimited tax general obligation bonds may not be used for any other purpose.

Any remedies available to the Registered Owners of the Bonds upon the occurrence of a default in payment of principal of or interest on the Bonds, or an event of default under the Bond Resolution, are in many respects dependent upon judicial actions that in turn are often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the District fails to comply with its covenants under the Bond Resolution or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Registered Owners of the Bonds.

The rights and obligations under the Bonds and the Bond Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. The proposed form of opinion of Bond Counsel is set forth in Appendix A to this Official Statement.

Municipal Bankruptcy

A municipality such as the District must be specifically authorized under state law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"). Washington State law permits any "taxing district" (defined to include any municipality or political subdivision, such as the District) to voluntarily petition for relief under a predecessor to the Bankruptcy Code. A creditor cannot bring an involuntary bankruptcy proceeding against a municipality, including the District. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. If a municipality filed for bankruptcy, the bankruptcy court would have some discretion with respect to how to treat past and future obligations of such municipality regarding priority of payment to creditors under a plan for adjustment of debt under Chapter 9 of the Bankruptcy Code.

Dissolution

Election Method. Under chapter 52.10 RCW, fire protection districts may be dissolved by a majority vote of the District's registered voters at an election in the county in which the district is located. The proceedings for dissolution may be initiated by the adoption of a resolution by the board of fire commissioners of the district calling for the dissolution. The dissolution of the district will not cancel outstanding obligations of the district, and the county legislative authority of the county in which the district was located may make annual levies against the lands within the district until the obligations of the districts are paid. When the obligations are fully paid, all moneys in district funds and all collections of unpaid district taxes will be transferred to the expense fund of the county.

Petition Method. Pursuant to chapter 53.48 RCW, fire protection districts may be dissolved by a petition for an order of dissolution signed by the majority of the board of fire commissioners and presented to the superior court of the county in which the board of fire commissioners is situated. The dissolution may be approved by the court only if the indebtedness of the district has been settled or paid and the court finds that the best interests of all persons concerned will be served by the dissolution. If the proceeds of the sale of the property of the district together with its available cash are insufficient to retire the district's indebtedness, the court is authorized to order the district's governing body to levy assessments against property in the district in amounts sufficient to retire the indebtedness.

DISTRICT DEBT

General

The District is a fire protection district operating under the laws of the State, and as such, the District provides fire prevention and suppression services, together with emergency medical services, to protect public health, life and property. The power of the District to contract debt of any kind is controlled and limited by State law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues.

General Obligation Indebtedness

Under the Constitution and laws of the State, the District may incur two types of general obligation indebtedness (including bonds). The two types are primarily differentiated by the limits on the real and personal property taxes that may be collected for the payment thereof.

Limited Tax General Obligation Indebtedness. Limited tax general obligation indebtedness is payable from regular property taxes imposed upon all taxable property in the District within the limitations prescribed by State laws without a vote of the people (sometimes referred to as “non-voted debt” or “non-voted bonds” or “LTGO Bonds” or “councilmanic bonds”). See the heading “PROPERTY TAX INFORMATION” herein for a discussion of those limitations. **The Bonds are limited tax general obligations of the District.** In addition to bonds, limited tax general obligation indebtedness includes executory conditional sales contracts and capital leases.

Unlimited Tax General Obligation Indebtedness. Unlimited tax general obligation indebtedness is payable from excess property taxes imposed upon all taxable property in the District without limitation as to rate or amount. See “PROPERTY TAX INFORMATION” herein. Unlimited tax general obligation indebtedness may be incurred with the assent of 60% of voters at an election at which the total number of persons voting is at least 40% of the total votes cast at the last preceding State general election. Such unlimited tax general obligation bonds are sometimes referred to as “voted debt” or “voted bonds” or “UTGO Bonds.” **The Bonds are not unlimited tax general obligations of the District.**

General obligation bonds for fire districts, including the Bonds, are limited to terms not to exceed 20 years.

Refunding Bonds. The District may also issue bonds to refund outstanding limited or unlimited tax general obligation indebtedness without voter approval.

Short-Term Obligations. The District may borrow money and issue short-term obligations, the proceeds of which may be used for any lawful purpose. Short-term obligations may be issued in anticipation of the receipt of revenues, taxes, or grants or the sale of general obligation bonds. These short-term obligations are to be repaid out of money legally available for this purpose.

Additionally, in an emergency, the board of fire commissioners may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purposes must be paid by warrants from any available money in the fund properly chargeable with such expenditures. If there is insufficient money on hand in the fund, the warrants become registered interest-bearing warrants. In adopting the budget for any fiscal year, the board of fire commissioners must appropriate funds to retire any outstanding registered warrants issued since the adoption of the last preceding budget.

Statutory Limits on General Obligation Indebtedness (Debt Capacity)

Total (Voted and Non-voted) Debt Capacity. The District may incur total (voted and non-voted) general obligation debt of up to three-fourths of one percent (0.75%) of the assessed value of taxable property within the District.

Non-voted Debt Capacity. The District may incur non-voted general obligation debt of up to three-eighths of one percent (0.375%) of assessed value of taxable property within the District.

Computation of Statutory Debt Limitations

The District may issue general obligation debt only if, at the time debt is issued, the District has sufficient debt capacity. Once the debt has been issued, changes in assessed valuation have no effect on the validity of outstanding debt or the District’s ability to refund outstanding debt. Declines in assessed valuation can restrict the issuance of future general obligation debt. The following chart sets forth the remaining general obligation debt capacity of the District, calculated to include the Bonds (and exclude the Refunded Bonds):

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington
(as of Date of Issue for the Bonds, June 30, 2020 for all other debt)**

2020 Bond Assessed Value ("AV") ⁽¹⁾		\$ 516,016,821
Non-Voted Debt		
Limited Tax General Obligation Debt Capacity (0.375% of AV)	\$ 1,935,063	
Less: The Bonds	<u>\$ (985,000)</u> ⁽²⁾	
Remaining Non-Voted General Obligation Debt Capacity		<u>\$ 950,063</u>
Percent of Non-Voted Debt Capacity Used		50.90%
 Voter Approved Debt		
Unlimited Tax (Voted) General Obligation Debt Capacity (0.75% of AV)	\$ 3,870,126	
Less: Outstanding Unlimited Tax General Obligation Debt	(940,000) ⁽²⁾	
Less: The Bonds	<u>(985,000)</u> ⁽²⁾	
Remaining Voted and Non-Voted Debt Capacity		<u>\$ 1,945,126</u>
Percent of Total Debt Capacity Used		49.74%

⁽¹⁾ For 2020 tax collections. Based on 100% of estimated actual valuation, excluding senior citizen’s exemptions and includes timber assessed value, if any. Approximately, 82% of the District’s 2020 assessed value for bond levy purposes is located within Kittitas County and 18% of the District’s assessed value for bond levy purposes is located within King County. Includes assessed value of Fire Protection District No. 8, Kittitas County, Washington (“Former District 8”), which merged into the District effective January 1, 2018.

⁽²⁾ Principal listed in the Long-term Annual Debt Service Requirements section of this document.

Source: Kittitas County and King County Assessor’s and Treasurer’s Offices.

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Direct and Estimated Overlapping Debt; Bonded Debt Ratios

The following tables show the outstanding principal amount of general obligation debt of the District (“Direct Debt”) and the estimated allocable share of the outstanding principal amount of general obligation debt of other taxing districts whose boundaries overlap a part or all of the District (the “Overlapping Debt”). The estimated allocable share of Overlapping Debt is calculated based on a percentage of the overlapping taxing district’s debt equal to the percentage of assessed valuation that lies within the boundaries of both the District and that taxing district. The following tables reflect the issuance of the Bonds. The following tables do not reflect any special revenue obligations issued by any taxing district.

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington
(as of Date of Issue for the Bonds, June 30, 2020 for all other debt)**

Direct and Estimated Overlapping Debt

Direct General Obligation Debt:

Outstanding General Obligation Debt:

Outstanding Unlimited Tax General Obligation Debt	\$ 940,000 ⁽²⁾	
The Bonds	985,000 ⁽²⁾	
Direct Debt		\$ 1,925,000

Estimated Overlapping General Obligation Debt:

Kittitas County

Kittitas County	\$ 931,030	
Easton School District No. 28	45,291	

King County

King County	524,877	
Snoqualmie Valley School District No. 410	2,200,210	
Hospital District No. 4	2,204,951	
Rural Library District	91,597	
Port of Seattle	264,376	

Total Estimated Overlapping Debt ⁽³⁾		\$ 6,262,332
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Total Direct and Estimated Overlapping Debt		\$ 8,187,332
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Bonded Debt Ratios

2020 Bond Assessed Value ("AV") ⁽¹⁾		\$ 516,016,821
Estimated 2020 Permanent Resident Population ⁽⁴⁾		550
Ratio of:		
Direct Debt to Assessed Value		0.37%
Direct Debt and Estimated Overlapping Debt to Assessed Value ⁽³⁾		1.59%
Per Capita:		
Direct Debt	\$	3,500
Direct Debt and Estimated Overlapping Debt ⁽³⁾	\$	14,886
Assessed Value	\$	938,212

⁽¹⁾ For 2020 tax collections. Based on 100% of estimated actual valuation, excluding senior citizen’s exemptions and includes timber assessed value, if any. Approximately, 82% of the District’s 2020 assessed value for bond levy purposes is located within Kittitas County and 18% of the District’s assessed value for bond levy purposes is located within King County. Includes assessed value of Former District 8, which merged into the District effective January 1, 2018.

⁽²⁾ Principal listed in the Long-term Annual Debt Service Requirements section of this document.

⁽³⁾ Overlapping debt computations are based on debt outstanding as of June 30, 2020 and exclude invested funds.

⁽⁴⁾ 2020 Permanent Resident Population includes Former District 8 and reasonable estimates of growth.

Source: Kittitas County and King County Assessor’s and Treasurer’s Offices.

Long-Term Annual Debt Service Requirements ¹⁾
Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington

Year Ending	Voted Debt ³⁾		Total Voted Debt Service	The Bonds		Total Non-Voted Debt Service
	Principal	Interest		Principal	Interest	
2020 ²⁾	\$ 80,000	\$ 990	\$ 80,990	\$ 80,000	\$ 1,234	\$ 81,234
2021	90,000	6,523	96,523	80,000	8,168	88,168
2022	95,000	6,226	101,226	80,000	7,888	87,888
2023	95,000	5,846	100,846	85,000	7,560	92,560
2024	100,000	5,381	105,381	80,000	7,118	87,118
2025	100,000	4,811	104,811	80,000	6,638	86,638
2026	100,000	4,121	104,121	85,000	6,062	91,062
2027	105,000	3,281	108,281	85,000	5,323	90,323
2028	55,000	2,220	57,220	85,000	4,439	89,439
2029	60,000	1,560	61,560	85,000	3,393	88,393
2030	60,000	798	60,798	80,000	2,288	82,288
2031	-	-	-	80,000	1,184	81,184
Totals	\$ 940,000	\$ 41,755	\$ 981,755	\$ 985,000	\$ 61,294	\$ 1,046,294

¹⁾ Excludes Refunded Bonds.

²⁾ Excludes the June 1, 2020 interest payment of the Refunded Bonds.

³⁾ Simultaneously with the issuance of the Bonds, the District is issuing another debt series called the Unlimited Tax General Obligation Refunding Bonds, 2020.

Debt Payment Record

The District has always promptly met principal and interest payments on outstanding bonds, notes and warrants when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

The District has no plans to issue additional general obligation debt in the next twelve months.

PROPERTY TAX INFORMATION

Authorized Property Taxes

The District may impose two types of property tax levies: regular property tax levies and excess property tax levies. **The Bonds are payable from regular property tax levies, not excess property tax levies.**

Regular Property Taxes. The District may impose regular property taxes without voter approval. Regular property taxes may be used to pay (i) costs of maintenance and operation, (ii) principal of and interest on non-voted limited tax general obligation indebtedness, such as the Bonds, and/or (iii) costs of any other lawful purpose. Regular property tax levies are subject to rate and amount limitations under State law, more specifically described below.

The information in this Official Statement relating to regular property tax limitations and requirements is based on existing statutes and constitutional provisions. Changes in such laws could alter the impact of other interrelated tax limitations on the District. **The Bonds are payable from regular property taxes, which are subject to the limitations described below.**

Excess Property Taxes. The District may impose excess property taxes, which are not subject to limitation, when authorized by 60% of voters at an election at which the total number of persons voting is at least 40% of the total votes cast at the last preceding State general election. Excess property taxes may be authorized to pay (i) principal of and interest on voter-approved bonds, (ii) costs of maintenance and operation, and/or (iii) costs of capital improvements. Excess property tax levies may also be imposed without voter approval when necessary to prevent the impairment of

contracts. Excess property taxes for maintenance and operation purposes may be authorized for up to four years. Once additional excess property tax levies for maintenance and operation purposes have been authorized for up to four years, no further tax levies for maintenance and operation purposes may be authorized within such period of time. Excess property tax levies for capital improvements may be authorized for two through six years unless the capital improvements are financed by the issuance of voter-approved bonds. Then, excess property taxes approved by the voters for payment of principal of and interest on such bonds may be levied until the bonds are repaid. The District currently does not impose an excess levy for maintenance and operation purposes, but does impose an annual excess property tax levy to repay its voter approved general obligation debt. The District's 2020 excess levy rate for bond repayment is \$0.171535 per \$1,000 of assessed value. The District's 2020 excess levy rate for bond repayment that covers the debt of Former District 8 is \$0.334255.

Limitations on Regular Property Levies

Maximum Rate Limitation: Fire protection districts may levy, without a vote of the people, regular *ad valorem* property taxes not to exceed \$1.50 per \$1,000 of assessed value reduced to \$1.00 for districts that impose Benefit Charges. See "TAX VALUATION AND COLLECTIONS – Benefit Charges." The District imposes Benefit Charges, and the District's 2020 regular levy rate is \$0.867168 per \$1,000 of assessed value.

EMS Regular Property Tax Levy: RCW 84.52.069(2) authorizes fire protection districts to impose an additional regular property tax levy in an amount up to \$0.50 per \$1,000 of assessed value to pay the costs of emergency medical services ("EMS") upon voter approval. The levy may be imposed for a period of six years, ten years or permanently. The District currently does not have an EMS levy in Kittitas County, but receives EMS support services paid for by a countywide EMS levy in King County.

Constitutional 1% Aggregate Levy Rate Limitation: Article VII, Section 2 of the State Constitution limits aggregate regular property tax levies by the State and all taxing districts, except port districts and public utility districts, to 1% of the true and fair value of property (the "Constitutional 1% Limitation"). RCW 84.52.050 provides the same limitation by statute.

Statutory \$5.90 per \$1,000 Aggregate Levy Rate Limitation: Within the Constitutional 1% Limitation, RCW 84.52.043 further imposes a limitation of \$5.90 per \$1,000 of assessed value on the aggregate of regular levies by all taxing districts other than the State, public utility districts and port districts (the "\$5.90 Limitation"). The \$5.90 Limitation does not apply to: voted excess property levies; levies for acquiring conservation futures as authorized under RCW 84.34.230; emergency medical care or emergency medical services levies; certain city or county levies to finance affordable housing; certain metropolitan park district levies; ferry district and regional transit authority levies; certain levies for criminal justice purposes; transit levies by certain counties; the protected portion of levies by flood control zone districts in certain counties and the portions of levies by fire protection districts that are protected under RCW 84.52.125.

Constitutional Uniformity Requirement: Article VII, Section 1 of the State Constitution requires that property taxes be levied at a uniform rate upon the same class of property within the territorial limits of a taxing district. All real property constitutes a single class. It is possible that the overlapping of taxing districts in different areas of the District could cause the maximum aggregate levy to vary within the District. To comply with the uniformity requirement, if either the Constitutional 1% Limitation or the \$5.90 Limitation is exceeded, the county assessor must reduce or eliminate levies according to a detailed prioritized list (RCW 84.52.010), beginning with junior taxing districts. The term "junior taxing district" is defined by RCW 84.52.043 to include all taxing districts (including fire protection districts) other than the State, counties, cities, towns, road districts, port districts, and public utility districts. See "Aggregate Levy Limits and Prorationing" below.

Levy Amount Limitation (101% Levy Lid): In addition to the rate limitations, described above, State law (chapter 84.55 RCW) also restricts the increase in the total amount of an individual taxing district's levy from year to year. All regular levies are subject to this limitation. The law limits a taxing district's regular levy to an amount equal to 100% of the district's highest levy amount in the three most recent years, multiplied by a "limit factor," plus a full value adjustment for new construction. Substantively, this means that a taxing district's regular levy payable in a given year (other than new construction and improvements, and State-assessed property adjustments) may not exceed the highest amount levied in the three most recent years by the taxing district multiplied by the limit factor. Revenue generated due to new construction and certain other adjustments is added after the levy lid is applied. The limit factor is defined as (i) the lesser of 101% or 100% plus inflation (measured by the implicit price deflator or IPD), or (ii) up to 101%, regardless of inflation, if approved by the legislative authority of the taxing district upon a finding of substantial need. For taxing districts with a population of less than 10,000, the limit factor is 101% regardless of inflation, and no finding of substantial need is required.

RCW 84.55.092 allows the property tax levy to be set at the amount that would be allowed if the tax levy for taxes due in each year since 1986 had been set at the full amount allowed under chapter 84.55 RCW. Thus, if in any year a taxing district levies an amount that is less than the maximum amount allowed under the limit described above, the amount that was not levied will nevertheless be included in the base for determining levy limit in future years. This is sometimes referred to as “banked” levy capacity. The District has no banked levy capacity at this time.

With a majority vote, RCW 84.55.050 allows a taxing district to levy a greater amount than would otherwise be allowed under the levy lid, either indefinitely or for a limited period or purpose. This is known as a “levy lid lift.” A levy lid lift does not permit the taxing district to exceed any applicable levy rate limitations.

Since the regular levy limit applies to the total dollar amount levied rather than to levy rates, increases in the assessed value of all property in the taxing district (excluding new construction, improvements and State-assessed property) which exceed the rate of growth in taxes allowed by the limit factor result in decreased regular tax levy rates unless voters authorize a higher levy or the taxing district uses banked levy capacity. Decreases in the assessed value of all property in the tax district (including new construction, improvements and State-assessed property) or increases in such assessed value that are less than the rate of growth in taxes imposed, among other events, may result in increased regular tax levy rates.

Aggregate Levy Limits and Prorationing

As described above, regular property tax levies by the State and all taxing districts, except port districts and public utility districts, are limited by the State Constitution to 1% of the true and fair value of property. Regular tax levies by all taxing districts, other than the State public utility districts and port districts, are limited by State law to \$5.90 per \$1,000 of assessed value, although, as described above, certain levies are not subject to the \$5.90 Limitation, and all or a portion of certain levies may be protected from prorationing under the \$5.90 Limitation.

If, after levies by the State, counties, county road districts, regional transit authorities and cities are certified, the levies imposed for acquiring conservation futures, for EMS, to finance affordable housing, for criminal justice purposes or for county transit purposes, the levy imposed by county ferry districts, portions of certain levies by certain metropolitan park districts and certain flood control zone districts and portions of levies by fire protection districts and regional fire protection service authorities protected under RCW 84.52.125, the aggregate levy subject to the Constitutional 1% Limitation exceeds the Constitutional 1% Limitation, then the following levies must be reduced or eliminated in the following order of priority:

1. The protected portions of levies by certain flood control zone districts.
2. Levies for county transit purposes.
3. The portions of levies by fire protection districts and regional fire protection service authorities protected under RCW 84.52.125.
4. Levies for criminal justice purposes.
5. Levies by county ferry districts.
6. The protected portions of levies by certain metropolitan park districts.
7. Levies imposed for acquiring conservation futures and to finance affordable housing and the portions of levies for EMS in excess of \$0.30 per \$1,000 of assessed value.
8. The remaining portions of levies for EMS.

If, after taking into account prorationing under the Constitutional 1% Limitation described above, the aggregate levy subject to the Constitutional 1% Limitation or the \$5.90 Limitation exceeds the Constitutional 1% Limitation or the \$5.90 Limitation, then the following levies must be reduced or eliminated in the following order or priority:

1. Levies for cultural access programs.
2. Levies by park and recreation service areas, park and recreation districts, city transportation authorities and cultural arts, stadium and convention districts.

3. The unprotected portions of levies by flood control zone districts.
4. Levies by all taxing districts other than levies by the State, counties, county road districts, cities, port districts, public utility districts, fire protection districts, regional fire protection service authorities and library districts and other than the first \$0.50 per \$1,000 of assessed value levies by metropolitan park districts and public hospital districts.
5. The first \$0.50 per \$1,000 of assessed value levies by certain metropolitan park districts.
6. The second \$0.50 per \$1,000 of assessed value levies by fire protection districts and regional fire protection service authorities and the third \$0.50 per \$1,000 of assessed value levies by fire protection districts and certain regional fire protection service authorities.
7. The first \$0.50 per \$1,000 of assessed value levies by fire protection districts, regional fire protection service authorities, public hospital districts and remaining metropolitan park districts and levies by library districts.

Chapter 39.67 RCW allows taxing districts to contract with one another to mitigate a loss of revenues associated with a prorationing of levy rates. Characteristically under these contracts, a geographically smaller taxing district agrees to impose a lower levy rate to avoid prorationing. In return, that district receives payments from a geographically larger taxing district so that the total revenues received by the smaller district are approximately equal to what they would have received had it not agreed to lower its levy.

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Overlapping Taxing Districts

The overlapping taxing districts within the District have the statutory power to: 1) levy regular property taxes which are subject to limitations provided by chapter 84.55 RCW (and listed below), and 2) levy excess voter approved property taxes. For purposes of demonstration, representative levy rates for levy code “37” of Kittitas County and levy code “6683” of King County are within the District, however they do not include all of the property within the District. As a result, additional taxing districts, not listed below, levy taxes within the District.

	Representative Regular Levy Rates per \$1,000 of Assessed Value ¹	Statutory Maximum Regular Levy Rates
2020 Representative Levy Rates for tax code 37 in Kittitas County		
State Schools	\$3.057113	\$3.600 ²
Kittitas County	1.022848	1.800 ³
County Roads	1.030608	2.250
County Flood	0.093316	0.500
School District No. 28	0.929402	--- ⁵
The District – Regular Levy	0.867168	1.000
The District – Bond Levy (FD 51 only)	0.171535	--- ⁴
Hospital District No. 2 – Regular Levy	0.203845	0.750
Hospital District No. 2 – EMS Levy	<u>0.190559</u>	0.500
Total	<u>\$ 7.566394</u>	
2020 Representative Levy Rates for tax code 6683 in King County		
State Schools	\$3.02799	\$3.600 ²
King County	1.23953	1.800 ³
County Roads	1.82492	2.250
Port District	0.11944	0.450
School District No. 410	4.25124	--- ⁵
The District – Regular Levy	0.86717	1.000
The District – Bond Levy (FD 51 only) ⁶	0.17154	--- ⁴
Hospital District No. 4 – Regular Levy	0.36694	0.750
County EMS Levy	0.26500	0.500
King County Flood District	0.09199	0.500
Library District	<u>0.36040</u>	0.500
Total	<u>\$ 12.58616</u>	

¹ Not all levies are subject to the \$5.90 Limitation. See “Limitations on Regular Property Levies” herein.

² Pursuant to RCW 84.52.043(1), the levy by the State may not exceed \$3.60 per \$1,000 of assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue to be used exclusively for the support of the common schools. The State aggregate school levy is \$2.70 per \$1,000 of assessed value for collection years 2018, 2020 and 2021 under Engrossed House Bill 2242 (2017) and was \$2.40 per \$1,000 of assessed value for collection year 2019 under Engrossed Substitute Senate Bill 6614 (2018), adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue. As a result of the equalization ratios, many counties may have actual levies above the State aggregate school levy of \$2.40 or \$2.70, as applicable, due to equalization ratios greater than 100%.

³ Pursuant to RCW 84.52.043(1), a county may increase its levy from \$1.80 per \$1,000 of assessed value to a rate not to exceed \$2.475 per \$1,000 of assessed value for general county purposes if (i) the total levies for both the county and any road district within the county do not exceed \$4.05 per \$1,000 of assessed value and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

⁴ Levies must be approved by the voters.

⁵ School districts are not authorized to impose regular property tax levies. All school district levies are special excess property tax levies, which may be imposed only upon voter approval, and, as such, these excess property tax levies are not subject to the rate and amount limitations applicable to regular property tax levies.

⁶ The rate levied in Kittitas County is for property in the District that is not in Former District 8. The bond levy rate in Former District 8 is \$0.334255 per \$1,000 of assessed value.

Source: King and Kittitas County Assessor’s Office

TAX VALUATION AND COLLECTIONS

Assessed Valuation Determination

In Washington State, the King and Kittitas County Assessors (the “County Assessors”) determine the value of all real and personal property throughout their respective Counties (including the District) that is subject to ad valorem taxation with the exception of certain public service properties for which values are determined by the State Department of Revenue. The County Assessors are elected officials whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue. For tax purposes the assessed value of property is 100% of its true and fair value. All property values are updated annually, with physical inspections once every six years. The revaluation occurs in cycles, and one-sixth of the property is physically inspected and revalued every year, while the remaining property value is updated based on analyzed market sales. The property is listed by the County Assessors on a roll at its current assessed value and the roll is filed in each respective County Assessor’s office. Each County Assessor’s determinations of value are subject to revisions by their respective Board of Equalization and, for certain property, subject to further revisions by the State Board of Equalization. After all administrative procedures are completed, each respective county’s commissioner’s receive each respective County Assessor’s final certificates of assessed value of property within each county.

The following is the historical assessed valuation of the District, and the Counties in which the District resides, for the last five years:

The District, King County and Kittitas County Assessed Valuation History ¹

<u>Collection Year</u>	<u>The District</u>			<u>King County</u>	<u>Kittitas County</u>
	<u>King County</u>	<u>Kittitas County</u>	<u>Total for District</u>		
2020	\$91,063,623	\$424,953,198 ²	\$516,016,821	\$642,490,492,044	\$8,605,177,145
2019	89,083,739	383,761,004 ²	472,844,743	606,623,698,132	7,432,581,926
2018	77,649,212	231,279,624	308,928,836	534,662,434,753	6,434,855,673
2017	71,667,057	227,006,419	298,673,476	471,456,288,019	6,104,189,818
2016	67,193,061	223,967,322	291,160,383	426,335,605,837	6,037,489,794

¹ Bond assessed values for the District; current expense assessed values for the individual counties.

² Includes assessed value of Former District 8, which merged into the District effective January 1, 2018, of \$123,245,250 in 2019 and \$129,260,320 in 2020.

Source: King and Kittitas County Assessor’s Offices

Tax Collection Procedure

Property taxes are levied in specific amounts, and the rates for all taxes levied for all taxing districts in each respective county (including the District’s) are determined, calculated and fixed by County Assessors based upon the assessed valuation of the property within the various taxing districts. The County Assessors extend the taxes to be levied within each taxing district upon a tax roll that contains the total amount of taxes to be so levied and collected. The tax roll is delivered to each respective County Treasurer (the “County Treasurers”) by January 15 of each year, each of whom creates an abstract of the tax roll, showing the total amount of taxes collectible in each of the taxing districts for the year. This is delivered to each respective County Auditor (the “County Auditors”) at the same time. The County Auditors issue to the County Treasurer his/her warrant authorizing the collection of taxes listed on the County Assessor’s certified tax roll. The County Treasurers create a tax account for each taxpayer and are responsible for the collection of taxes due. All such taxes are due and payable on the April 30 of each year, but if the amount due from a taxpayer exceeds fifty dollars, one-half may be paid then and the balance no later than October 31 of such year. The entire amount or first half must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1.

The method of giving notice of payment of taxes due, the County Treasurer’s accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes. A federal tax lien filed before a county levies personal property taxes is senior to that county’s personal property tax lien. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes that are imposed after the judgment lien has been recorded. In all other respects, and subject to the possible “homestead exemption” described below, the lien for delinquent property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation.

By law the County Treasurers may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency. State courts have not made a determination whether or not the homestead law (chapter 6.13 RCW) gives the occupying homeowner a right to retain the first \$125,000 of proceeds of the forced sale of a family residence for delinquent general property taxes. In *Algona vs. Sharp*, 30 Wn. App. 837, 638 P. 2d 627 (1982), the State Court of Appeals held the homestead right superior to liens for local improvement district assessments but was silent regarding liens for property taxes. The U.S. Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to liens for property taxes, while the State Attorney General has taken the position that it does not.

Delinquent taxes are subject to 12% per annum interest computed on a monthly basis from the date of delinquency until paid. Interest is calculated at the rate in effect at the time of payment of the tax, regardless of when the taxes were first delinquent. Additional penalties are: 1) a 3% penalty on amounts delinquent on May 31 of the year in which the tax is due; and 2) an additional 8% penalty of the total amount of tax delinquent on November 30 of the year in which the tax is due.

State law (RCW 43.06.220) provides that during a state of emergency declared by the Governor, the Governor may, in the area described by the proclamation, issue an order or orders concerning waiver or suspension of statutory obligations or limitations concerning the application of tax due dates and penalties relating to collection of taxes.

On February 29, 2020, the Governor declared a state of emergency in response to the COVID-19 outbreak. As of the date of this Official Statement, the Governor has not issued any orders relating to the collection of property taxes.

State law (RCW 84.56.020) also provides that during a state of emergency declared by the Governor, a county treasurer, on his or her own motion or at the request of any taxpayer affected by the emergency, may grant such extensions of the property tax payment due date as the Treasurer deems proper.

In response to the COVID-19 outbreak, King County exercised its authority under this provision and extended the April 30, 2020 payment deadline to June 1, 2020. This order did not extend the payment deadline for taxes paid through mortgage escrow accounts.

The Kittitas County Treasurer implemented an emergency payment plan program to waive or reduce interest and penalties for taxpayers who were unable to pay their property taxes by the April 30, 2020 due date. Taxpayers who applied by April 30, 2020 and entered into a relief payment plan are allowed to pay their 2020 first-half taxes over an agreed upon amount of time.

Tax Collection Data

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
Tax Levy Collection Record
For Regular and Bond Levy Property Taxes**

Collection Year	Regular Taxes Levied	Bond Taxes Levied	King County Collected in the Year of the Levy		Collection As of June 30, 2020	
			Amount	Percent	Amount	Percent
2020	\$79,022	\$15,621	n.a.	n.a.	\$49,113	51.89%
2019	77,608	17,263	\$91,720	96.68%	93,605	98.67
2018	74,169	17,358	87,613	95.72	91,136	99.57
2017	67,976	15,641	80,147	95.85	83,458	99.81
2016	64,332	15,285	76,216	95.73	79,617	100.00

Source: King County Treasurer’s Office

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
Tax Levy Collection Record
For Regular and Bond Levy Property Taxes ¹**

Collection Year	Regular Taxes Levied	Bond Taxes Levied	Collected in the Year of the Levy		Collection As of June 30, 2020	
			Amount	Percent	Amount	Percent
2020	\$368,802	\$93,928	n.a.	n.a.	\$261,877	56.59%
2019	333,604	93,712	\$417,111	97.61%	420,495	98.40
2018	327,505	91,062	412,051	98.44	417,705	99.79
2017	214,630	49,543	259,632	98.28	264,191	100.01
2016	214,932	50,947	261,920	98.51	266,108	100.09

¹ Includes Former District 8 beginning January 1, 2018.

Source: Kittitas County Treasurer's Office

Benefit Charges

A Benefit Charge is a charge imposed upon property and improvements to real property which are located within the District, in proportion to the measurable benefits to property resulting from the services afforded by the District. The benefit to a particular property is calculated based on such factors as square footage, occupancy type and required fire protection resources for the structures on the property. A Benefit Charge is not a tax and is therefore not subject to the limitations described above. However, pursuant to RCW 52.26.180, revenue from Benefit Charges may not exceed 60% of the District's operating budget.

Fire districts are authorized under RCW 52.18.010 to collect Benefit Charges in addition to property taxes, subject to 60% voter approval, which must be renewed at least every six years, if proposed as part of the service plan. The District began collecting Benefit Charges in 2009 after voters authorized them in 2008. Voters approved an additional six-year period of Benefit Charges in 2014 which began collection in 2015. The current Benefit Charges expire at the end of 2020. On August 4, 2020, the District voters approved a proposition to extend Benefit Charges from 2021 through 2026, which passed with 81.28% approval. For so long as the Benefit Charge is in effect, the District's maximum ad valorem property tax levy rate is \$1.00 per \$1,000 of assessed value.

The Benefit Charges are collected from property owners by the County Treasurer. The Benefit Charge may be reduced if property owners have fire sprinkler or similar on-site fire suppression systems in place. Exemptions from the Benefit Charge include property owned or used by religious organizations, schools and educational facilities. Reductions in rates are available to qualifying low-income senior citizens pursuant to RCW 56.26.270. Benefit Charges are billed on the County Treasurer's annual property tax statements and are payable on the same schedule as property taxes.

Benefit Charges must be fairly apportioned through the District's service area. The District's Board may adjust the factors for calculating the charge following a required annual public hearing to establish the following year's Benefit Charge. All property owners in the District's service area must be advised of the Benefit Charge and be given the right to appeal the amount of their charge.

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
Fire Benefit Charge Collection Record**

Collection Year	Fire Benefit Charges Billed By County	Collected in the Year of Charge		Collection As of June 30, 2020	
		Amount	Percent	Amount	Percent
2020	\$56,620	n.a.	n.a.	\$28,704	50.70%
2019	58,806	\$57,062	97.03%	58,137	98.86
2018	59,817	48,156	80.51	59,688	99.78
2017	58,885	47,120	80.02	58,885	100.00
2016	59,856	48,322	80.73	59,856	100.00

Source: King County Treasurer's Office

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
Fire Benefit Charge Collection Record**

Kittitas County

Collection Year	Fire Benefit Charges Billed By County	Collected in the Year of Charge		Collection As of June 30, 2020	
		Amount	Percent	Amount	Percent
2020	\$186,833	n.a.	n.a.	\$106,253	56.87%
2019	184,647	\$180,541	97.78%	182,384	98.77
2018	143,502	141,822	98.83	143,303	99.86
2017	144,435	142,518	98.67	144,436	100.00
2016	137,444	135,749	98.77	137,445	100.00

Source: Kittitas County Treasurer's Office

**Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
Largest Taxpayers**

Taxpayer	Type of Business	2020 Collection Year Assessed Value	Percent of District's Total A.V. ¹
Ski Lifts Inc.	Ski Resorts	\$23,900,375	5.62%
Vishnu Associates	Hospitality	4,190,950	0.99
Mardee Lake, Inc.	Property Developer	3,244,470	0.76
Puget Sound Energy/Elec.	Utility	2,457,091	0.58
Robert Shin	Individual Taxpayer	2,427,630	0.57
Cabin Creek Lodge LLC	Alpine Lodge	2,197,800	0.52
Pass Yellowstone LLC	Property Developer	1,590,930	0.37
Lonnie & Michelle L Gienger	Individual Taxpayer	1,587,190	0.37
Michael L Darland	Individual Taxpayer	1,504,000	0.35
Katherine L & Ryan C Kearny	Individual Taxpayer	1,375,720	0.32
Nicola V Coluccio	Individual Taxpayer	1,356,060	0.32
Bret & Margaret Arsenault	Individual Taxpayer	1,319,260	0.31
Ahmad Taie & Helen C Witter	Individual Taxpayer	1,306,400	0.31
East Peak Development LLC	Property Developer	1,244,770	0.29
Randal G Conrads	Individual Taxpayer	1,214,000	0.29
Keith L Smith	Individual Taxpayer	1,184,360	0.28
Landen Living Trust	Individual Taxpayer	1,123,300	0.26
Keith J & Dawn R Riel	Individual Taxpayer	1,112,390	0.26
Williams Loving Revocable Trust	Individual Taxpayer	<u>1,060,680</u>	<u>0.25</u>
TOTAL		<u>\$55,397,376</u>	<u>13.02%</u>

¹ Based on the District's Kittitas County 2020 collection year bond assessed valuation of \$424,953,198, including Former District 8. Excludes any portion of the District's property in King County.

Source: Kittitas County Assessor's Office

THE DISTRICT

District Profile

The District was incorporated on March 16, 1970 as Kittitas County Fire District No. 5. Since Snoqualmie Pass lies in both King and Kittitas Counties, it was necessary to form a King County Fire District. On March 6, 1971, King County Fire District No. 49 was incorporated; and, on October 14, 1992, the two districts merged to form Fire Protection District No. 51 King and Kittitas Counties, Washington. On November 12, 2007, by passage of Resolution 2007-08, the District changed its name to Snoqualmie Pass Fire and Rescue. On November 7, 2017, Former District 8 merged into Snoqualmie Pass Fire and Rescue when 76.67% of the voters within the boundary of Former District 8 approved the merger, which became effective January 1, 2018. Only a simple majority was required to approve the merger. On November 6, 2018, 77.71% of qualified voters within the District's boundaries in King and Kittitas Counties approved a proposition to expand the Board of Fire Commissioners from three to five.

The District provides fire prevention and suppression services, emergency medical aid, and protection of life and property to residents within the service area. The service area of the District is estimated to cover 30 square miles (though the District’s response area is larger than this) and it overlaps the mid-east border of King County and the northwest border of Kittitas County along Interstate 90. A larger portion of the District, however, lies in Kittitas County, which is reflected in the District’s assessed valuation (see “TAX VALUATION AND COLLECTIONS—Assessed Valuation Determination” above). Due to its location at the top of Snoqualmie Pass (25.89 miles due southeast of North Bend, Washington and 17.41 miles due northwest of Easton, Washington), the District is not only essential for travelers across the mountain pass, but in an ideal position to provide service to the communities on either side of the pass.

The service area lies in a predominately rural area with a permanent residential community of approximately 550, including the Kachess area, and about 1,500 peak seasonal resident population with second homes in the area. However, while resident population may be a good indicator of growth for emergency service needs in other fire protection districts, it is not an adequate indicator at Snoqualmie Pass. This is due to two unique attributes of the service area. First, the four ski resorts located at Snoqualmie Pass (and other related recreational activities) result in a much larger population of “seasonal/transitory” residents which frequent the area to enjoy its skiing opportunities. During the winter ski season, the population can exceed approximately 20,000/day on the weekends and approximately 30,000 per day on the weekend if hiking, snowshoeing, mountain biking and sledding activities are considered. Secondly, there is an enormous fluxing of people in the service area due to traffic flow along federal Interstate 90, which is the main east-west freight corridor across the State of Washington, and a regular commuting route for many working in Seattle and surrounding cities. During the weekday, the State Washington’s Department of Transportation estimates that approximately 31,000 vehicles will travel over Snoqualmie Pass. On weekends and holidays, this number typically doubles. These factors cause the number of emergency incidents to fluctuate dramatically. Also see “ECONOMIC AND DEMOGRAPHIC INFORMATION—Snoqualmie Pass” below.

District Operations. District operations are conducted by a Fire Chief and three Deputy Fire Chiefs. The District employs three full-time paid staff members, one part-time paid administrative staff member and over forty volunteers including five Lieutenants.

The District maintains one staffed fire station, Station 46 that houses two engines, two ambulances, two brush engines, and one staff vehicle.

The District also maintains three non-staffed fire stations, Stations 47, 48 and 49. Station 47 houses one engine/tender (pumper tender), one brush truck and one tracked Polaris ATV. Station 48 houses one ambulance, one engine and one staff vehicle. Station 49 houses one brush truck and two snowmobiles. Stations 47, 48 and 49 are located within Former District 8, which merged into the District effective January 1, 2018.

District Organization

The District is a municipal corporation governed by a five-member Board of Fire Commissioners, who are elected from the District, and operates under the Constitution and laws of the State. The Board, elected for six-year overlapping terms, provides oversight for the operations of the District, especially in the area of finance and policy. The Board appoints a chief executive officer of the fire district, entitled the Fire Chief. The current Board and appointed staff are as follows:

Fire Commissioners

William J. Powers, Jr. (Position 2)
 Lloyd Holman (Position 3)
 Morris Hanan (Position 1)
 Walter Anderson (Position 4 – Formerly Position 2 in Former District 8)
Jim Sammet** (Position 5 – Formerly Position 3 in Former District 8)
****Appointed in April 2020.**

Term Expiration

December 31, 2023
 December 31, 2021
 December 31, 2025
 December 31, 2023
 December 31, 2021

Fire Chief

Jay Wiseman

Term Expiration

Appointed

Auditor

Francine Curd

Appointed

Labor Relations

The District currently has no employees represented by a union, nor staff subject to a collective bargaining agreement.

Pensions and Other Post-Employment Benefits

The District provides all of its public employee pensions through the following statewide, cost-sharing, multiple-employer plan administered by the Washington State Department of Retirement Systems (“DRS”). Law Enforcement Officers and Fire Fighters Retirement System (“LEOFF”) Plan 2, a defined benefit plan administered by the State Department of Retirement Systems. Contributions to the plan by both employees and employers are based on gross wages.

State law requires systematic actuarial funding to finance the retirement plan. Actuarial calculations to determine employer and employee contributions are prepared by the Office of the State Actuary (“OSA”), a nonpartisan legislative agency charged with advising the legislature of the State (the “State Legislature”) and State Governor on pension benefits and funding policy. To calculate employer and employee contribution rates necessary to pre-fund the plan’s benefits, OSA uses actuarial cost and asset valuation methods selected by the State Legislature as well as economic and demographic assumptions. The State Legislature adopted the following economic assumptions for contribution rates beginning July 1, 2018: (1) 7.40% rate of investment return; (2) general salary increases of 3.50%; (3) 2.75% rate of Consumer Price Index increase; and (4) 1.25% growth in membership. The long-term investment return assumption is used as the discount rate for determining the liabilities for the plan.

Plan Funding; Contribution Rates and Amounts. All DRS-administered retirement plans are funded by a combination of funding sources: (1) contributions from the State; (2) contributions from employers (including the State as employer and the District and other governmental employers); (3) contributions from employees; and (4) investment returns. Retirement funds are invested by the Washington State Investment Board, a 15-member board created by the Legislature in 1981.

Under State statute, contribution rates are adopted by the LEOFF 2 Board in even-numbered years for the next ensuing State biennium. The rate-setting process begins with an actuarial valuation by the OSA, which makes non-binding recommendations to the Select Committee on Pension Policy which recommends contribution rates to the LEOFF 2 Board. No later than the end of July in even-numbered years, the LEOFF 2 Board adopts contribution rates, which are subject to revision by the State Legislature.

The table below outlines the current contribution rates of employees and employers.

Contribution Rates for the 2019 – 2021 Biennium (expressed as a percentage of covered payroll)

	Employer ¹	Employee
LEOFF Plan 2	5.20% ²	8.67%

¹ Includes a 0.18% DRS administration expense fee.

² In addition, the State contributes 3.47%.

Source: State Department of Retirement Systems.

The District contributed \$4,483.34 to the LEOFF 2 Plan for the first half of 2020 (June 30) and \$8,839.00 for the year ended 2019 and \$11,389.54 for the year ended 2018, for all of the District’s employees that are covered under LEOFF Plan 2.

The information under this heading was obtained from the District’s financial records and information on the Actuary and DRS websites.

Plan Funding Status and Unfunded Actuarial Liability. While the District’s prior contributions represent its full current liability under the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. The OSA website includes information regarding the values, funding levels and investments of these retirement plans.

OSA uses the Entry Age Normal (“EAN”) cost method to estimate accrued pension liabilities for the purposes of reporting funded status. The EAN method represents each plan member’s benefits as a constant share of payroll throughout the member’s career. This liability estimate incorporates the statutorily set discount rate and fully reflects the

demographic assumptions revised in the June 30, 2013 valuation, which included projected improvements in mortality rates.

Using the EAN cost method, the OSA actuarial valuation for LEOFF Plan 2 had valuation assets of \$11.972 million, which exceeded accrued liability of \$11.066 million by \$906 million, resulting in a funded ratio of 108%.

DRS has calculated the collective net pension liability for its various retirement plans based on Governmental Accounting Standards Board (“GASB”) reporting requirements as well as the District’s share of such liability for the State fiscal year ended June 30, 2019. Net pension liability equals the total pension liability (a measure of the total cost of future pension trust that can be used to make benefit payments). Contributions from plan members and employers are assumed to continue to be made at contractually required rates.

The following table shows the District’s share of the net pension liability for LEOFF Plan 2 as of June 30, 2018 (the measurement date of the plans provided by the State Auditor).

District Percent	District’s Share of Net Liability/(Assets)
0.005080	(\$117,688)

The information in this section was obtained from the District’s accounting records, financial reports and information on the OSA and DRS websites.

Washington State Board for Volunteer Firefighters and Reserve Officer’s Pension Fund. The Washington State Board of Volunteer Firefighters and Reserve Officers administers the Volunteer Firefighters and Reserve Officers Relief and Pension Plan - a cost-sharing, multiple-employer retirement system created under chapter 41.16 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality, but does not apply to service members covered by LEOFF. According to OSA, as of the only currently available valuation report - June 30, 2018, the system had no unfunded actuarial accrued liability as of that date. Currently, the system is funded through (i) member contributions of \$30 per year; (ii) employer contributions of \$30 per year; and (iii) 40% of the net premium taxes on fire insurance policies. Members do not earn interest on their contributions, however, they may elect to withdraw their contribution upon termination. As a participant in this system, the District pays the entire \$60 per person towards their volunteer participants’ pension plan.

Other Post-Employment Benefits (“OPEB”). The District does not have any OPEB liability reportable in accordance with Governmental Accounting Standards Board Standard 45.

Washington State Deferred Compensation Program. The District does not participate in the Washington State Deferred Compensation Program.

Washington State Council of Firefighter’s Medical Expense Retirement Plan. The District does not participate in the Washington State Council of Firefighter’s Medical Expense Retirement Plan.

Risk Management

The District maintains insurance policies that it deems to be sufficient to cover its risk. The District carries general commercial liability coverage of \$1,000,000 for each occurrence, event, offense or wrongful act including up to \$1,000,000 damage to rented premises, \$1,000,000 personal and advertising injury, \$1,000,000 fire legal liability, \$3,000,000 products-completed operations aggregate and a general aggregate limit of \$3,000,000. It also carries \$1,000,000 in combined single limit automobile liability coverage (each accident) and an umbrella liability policy with a \$6,000,000 aggregate limit with \$3,000,000 limits for each occurrence. The District also maintains worker compensation insurance policies which cover work related injury costs up to \$1,000,000 (each accident) and disease related costs for each employee up to \$1,000,000 and an aggregate disease policy limit of \$2,500,000.

Financial Information

Auditing of District Finances. The State Auditor is required to examine the affairs of each fire protection district every two years, depending on the size of its revenues. The examination must include, among other things, the financial conditions and resources of the District, whether the laws and Constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the District. Reports of the State Auditor’s examinations are required to be filed in the office of the State Auditor and in the auditing department of the District. The most recent financial audit of the District covers the period January 1, 2017 through December 31, 2018, a copy of which is attached hereto as Appendix C.

Basis of Accounting. Proceeds of the Bonds, including remaining proceeds designated for apparatus and equipment purchases will be accounted for in the District's LTGO Construction Fund. The District accounts for all other transactions in the Expense Fund (i.e. General Fund) and the General Obligation Bond Fund, except for debt service payments on the Bonds, which will be accounted for in the Limited Tax General Obligation Bond Fund (the "Bond Fund"). The Expense Fund is accounted for using the cash basis of accounting. Capital expenditures are expensed in full when paid out and are not amortized.

The Board and the State Auditor's and County Auditor's offices review the District's proposed budgets annually to insure that tax revenues are appropriately requested and expenditures are budgeted.

The Board approves expenditures on the current year's budget by signature each month, and in November, the Board, by resolution, adopts the proposed budget for the upcoming year.

Authorized Investments

Chapter 39.59 RCW limits the investment of public funds by local governments such as the District to the following authorized instruments: (i) bonds of the State or any local government in the State; (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency; (iii) registered warrants of a local government in the same county as the local government making the investment; (iv) obligations of the United States government, its agencies, and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided that at the time of investment, the United States government must be the largest shareholder of such institution; (v) obligations the Federal Home Loan Bank, Federal National Mortgage Association and other government-sponsored enterprises whose obligations are or may become eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System; (vi) bankers' acceptances purchased in the secondary market; (vii) commercial paper purchased in the secondary market, subject to State Investment Board policies; and (viii) corporate notes purchased in the secondary market, subject to State Investment Board policies.

Kittitas County Investment Pool

At the request of one or more local governments that invest their money with a county, a county treasurer may pool those moneys for the purposes of investment (RCW 36.29.022). The County currently offers such an investment pool, the Kittitas County Investment Pool (the "Pool"). Once requested, the Treasurer will accept for investment a specific amount of funds that a district has determined is not necessary for a district's immediate expenditure. The Treasurer agrees to combine the designated district funds, County funds and the funds of other special districts that have agreed to pool funds for investment in the Pool. The Kittitas County Finance Officer, or other individual duly authorized by the County, with oversight by the Treasurer, have sole authority and responsibility for determining and executing the specific investments for the Pool, consistent with state law and the investment policies adopted by the Committee.

The Treasurer provides to a district a monthly statement showing the average cash balance maintained by a district, the Pool earnings rate, a district's earnings, a district's realized losses (if any), and the fee incurred. The Treasurer also provides a written explanation of the reason(s) for any realized loss.

Kittitas County Investment Policy

The following information was obtained from Kittitas County for use in this Official statement, and the District and the Underwriter make no representations as to the accuracy or completeness thereof.

As the ex officio treasurer for the District, the Kittitas County Treasurer receives deposits and makes investments on the District's behalf. Kittitas County has a formal investment policy, the Kittitas County Investment Policy ("KCIP"), last revised on February 11, 2020. The KCIP conforms to all state and local statutes governing the investment of public funds including those enumerated in RCW chapters 36.29, 39.58, 39.59 and 39.60. Kittitas County's primary investment objectives, in order of priority, are safety of principal, liquidity, and return on investment. All investments will be in accordance with all State statutes governing the investment of public funds as well as applicable provisions of all bond resolutions.

The KCIP identifies the Kittitas County Treasurer and the Finance Officer as the authorized investment officers for Kittitas County and its taxing districts. No single security may have a maturity more than five years from the date of purchase. The Kittitas County Finance Committee (the "Committee"), comprised of the Chairman of the Board of County Commissioners, the Kittitas County Auditor and the Kittitas County Treasurer, are required to determine investments that are longer than five years.

The KCIP establishes the types of securities allowed for investment as those limited by RCW 36.29.020. A listing of the eligible investments follows: (i) Certificate of Deposits, Savings, or Time Accounts with qualified public depositories, (ii) U.S. Treasury Bills, Notes, or Bonds, (iii) U.S. government agency securities, including but not limited to, Farmers Home Administration, Federal Housing Administration, Government National Mortgage Association, (iv) U.S. Government-Sponsored Corporations, including but not limited to, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association (FNMA), (v) Banker’s Acceptances purchased on the secondary market with an underlying bank rating of either A1 or P1, (vi) Municipal bonds of any state of the United States of America or local bonds within the United States, with one of the three highest ratings of a national rating agency at the time of investment, (vii) State of Washington Local Government Investment Pool, (viii) Repurchase Agreements with direct U.S. Government obligations as collateral, provided the collateral is held in safekeeping on a delivery versus payment basis and that a Master Repurchase Agreement is signed with the primary dealer, (ix) subject to compliance with RCW 39.56.030, Registered Warrants of a local government in the same county as the government making the investment, (x) Corporate Notes with a credit rating of A or better by any of the three rating agencies at the time of purchase, (xi) Supranational Agency Bonds and (xii) Commercial Paper.

Kittitas County’s investment portfolio is limited as follows: (i) U.S. Treasury and Federal Agency 100%, (ii) Repurchase Agreements 40%, (iii) Bankers Acceptances (A1 or P1) 15%, (iv) Certificates of Deposit 20%, (v) Savings or Time Accounts 30%, (vi) Bonds of any state of the United States or any local Government in the United States 20%, (vii) Washington State Local Government Investment Pool 100%, (viii) Corporate Notes 20%, (ix) Single Issuer 3%, (x) Supranationals 10%, (xi) Commercial Paper 15%, (xii) Commercial paper plus Corporates, aggregate 25%, (xiii) Registered Warrants 5%.

The Kittitas County Treasurer may invest public funds in the Local Government Investment Pool (the “LGIP”), authorized by chapter 43.250 RCW and administered by the WA State Treasurer. The LGIP is comparable to a Rule 2a-7 money market fund, as recognized by the Securities and Exchange Commission, and its weighted average maturity does not exceed 90 days. A description of the LGIP is found below.

Local Government Investment Pool (the “LGIP”)

The Washington State Treasurer’s Office administers the LGIP and reports that as of June 30, 2020, the LGIP had over 500 local government participant accounts and a balance of approximately \$23.121 billion. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (1) the safety of principal; (2) the assurance of sufficient liquidity to meet cash flow demands; and (3) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool, which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. The LGIP is restricted to investments with maturities of one year or less, and the average life typically is less than 90 days. Investments permitted under the guidelines of the LGIP include U.S. government and agency securities, bankers’ acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified State depositories.

District’s Investments

As of June 30, 2020, the District’s funds were invested as follows:

Cash	\$260,668 ¹⁾
Kittitas County Investment Pool	<u>636,800 ²⁾</u>
TOTAL	<u>\$897,468</u>

¹⁾ As of June 30, 2020 the District had \$25,759 in outstanding warrants.

²⁾ As of June 30, 2020 approximately 39.36% of the Kittitas County investment pool was invested in the LGIP.

Financial Statements

The following are summarized financial statements for the last five years derived from the District's audited and unaudited financial statements. The District's 2020 budgeted revenues and expenditures are also presented. The reader is cautioned that these are summaries only, and additional information, which may interpret, clarify, or modify the data presented below, may be contained in the complete financial statements, including the accompanying footnotes, which may be obtained on the Washington State Auditor's website or by contacting the District.

Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington
Resources and Uses Arising From Cash Transactions for All Funds
(Year Ending December 31)

Description	Budgeted 2020	Unaudited 2019	Audited 2018	Audited 2017	Audited 2016	Audited 2015
Revenues:						
Taxes	\$ 904,474	\$ 860,414	\$ 705,099	\$ 590,318	\$ 648,749	\$ 531,237
Intergovernmental Revenue	2,532	2,532	2,444	82,570	30,238	1,341
Charges for Goods and Services	50,268	43,626	113,223	129,261	127,406	36,567
Miscellaneous	1,000	18,597	16,903	58,765	4,398	4,483
Other Financing Sources	-	-	-	-	-	-
Total Revenues	\$ 958,274	\$ 925,169	\$ 837,669	\$ 860,914	\$ 810,791	\$ 573,628
Expenditures:						
General Government Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	777,430 ¹⁾	632,890	593,459	586,652	493,257	426,318
Miscellaneous Expenses	-	-	-	-	-	-
Total Expenditures	\$ 777,430	\$ 632,890	\$ 593,459	\$ 586,652	\$ 493,257	\$ 426,318
Net Operating Increase (Decrease)	\$ 180,844	\$ 292,279	\$ 244,210	\$ 274,262	\$ 317,534	\$ 147,310
Nonoperating Revenues (Expenditures):						
Other Financing Sources	\$ -	\$ 27,443	\$ -	\$ -	\$ -	\$ -
Special or Extraordinary Items	-	50,000	57,176	-	-	-
Custodial Activities	-	538	313	-	587	-
Debt Service	-	(229,806)	(224,118)	(163,275)	(166,075)	(158,463)
Capital Expenditures	-	(5,498)	(4,146)	(19,841)	(9,529)	(15,966)
Transfers-in (Out)	-	-	-	-	-	-
Total Other Sources (Uses)	\$ -	\$ (157,323)	\$ (170,775)	\$ (183,116)	\$ (175,017)	\$ (174,429)
Beginning Balance January 1	\$ 684,949	\$ 549,993	\$ 476,536	\$ 385,390	\$ 242,872	\$ 269,991
Prior Period Adjustments	-	-	22	-	1	-
Ending Balance December 31	\$ 865,793	\$ 684,949	\$ 549,993	\$ 476,536	\$ 385,390	\$ 242,872

¹⁾ The District anticipated to incur \$37,000 in capital expenditure improvements in 2020 and \$97,265 in non-voted debt payment.

Source: Washington State Audit Reports and the District.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Snoqualmie Pass

Snoqualmie Pass, which is located approximately 52 miles east of Seattle, is a mountain pass that carries Interstate 90 (I-90) through the Cascade Range in Washington State. The pass summit levels off at an elevation of 3,022 feet, and is on the border of Kittitas County and King County. It is the largest pass of the three east-west mountain routes across the State which are kept open year-round. Thus, I-90 is the primary commercial artery between Seattle and points east, carrying an average of 31,000 vehicles through the pass per day.

Snoqualmie Pass is a major winter and summer recreational area close to the State's largest region by population (King County). It is bordered in part by the Mount Baker-Snoqualmie National Forest and the Wenatchee National Forest, home to the community of Snoqualmie Pass (with approximately 550 year-round residents) and the largest ski resort complex in the State. Snoqualmie Pass draws hundreds of thousands of visitors annually, many to sample the wilderness beauty, travel the national forest trails or participate in other recreational activities.

Winter sports are the main draw, but outdoor recreation is available year-round. The Pacific Crest Trail crosses through Snoqualmie Pass and a variety of other trails are also available for hiking and climbing in the summer, cross-country skiing and snowshoeing during the winter months. Snoqualmie Pass is also the site of the Summit at Snoqualmie, a group of alpine ski areas managed by Ski Lifts Inc., a division of Boyne USA Inc. The Summit consists of four ski areas: Alpentel, Summit West (formerly named Snoqualmie Summit), Summit Central (formerly Ski Acres), and Summit East (formerly Hyak). The Summit at Snoqualmie is the closest ski area to Seattle.

King County

Approximately 25% of the District's service area, and 18% of its assessed value, is located in King County. King County is the center of the four counties generally referred to as central Puget Sound region (the others being Pierce, Snohomish, and Kitsap). Comprising 2,128 square miles, only 10 of the State's 39 counties are larger. Except for the northern boundary, shared with Snohomish County, which is a purely political creation, each of King County's boundaries reflect geographic contours. The eastern boundary closely follows the Pacific Crest National Scenic Trail—the crest of the Cascade Range—and separates King from Chelan, Kittitas and Yakima counties. Pierce County and the White River abut King county's southern boundary, while western King County faces Puget Sound. Vashon and Maury islands are also part of King County.

King is the most populated county in Washington State. The County seat is Seattle, which is the State's largest city. About two-thirds of the County's population lives in Seattle and its suburbs. King County ranks among the 100 highest-income counties in the United States.

Kittitas County

Approximately 75% of the District's service area, and 82% of its assessed value, is located in Kittitas County. Kittitas County is located in the central part of the State. The County's western border is at Snoqualmie Pass and its eastern border is at the Columbia River, 80 miles to the east. Comprising a geographic area of 2,297 square miles, Kittitas County ranks eighth in size among Washington counties. It is bounded to the north by Chelan County, to the south by Yakima County, to the west by King County and to the east by Grant County.

Nearly half of the county's population lives in the county seat of Ellensburg. Other cities in the County are Cle Elum, Roslyn, Easton, Ronald, Snoqualmie Pass, South Cle Elum, Thorp, Vantage and Kittitas. All of these cities are located on or near I-90, which traverses the County in a largely east-west direction.

Historical Population Estimates

<u>Year</u>	<u>King County</u>	<u>Kittitas County</u>
2020	2,260,800	48,140
2019	2,226,300	46,570
2018	2,190,000	45,600
2017	2,153,700	44,730
2016	2,105,100	43,710

Source: Washington State Office of Financial Management

The following tables contain economic indicators for King and Kittitas Counties, the State and the nation.

Comparative Per Capita Personal Income

	<u>King</u>	<u>Kittitas</u>	<u>Washington State</u>		<u>Nation</u>	
	<u>County</u>	<u>County</u>	<u>Metropolitan</u>	<u>Non-Metro</u>	<u>Metropolitan</u>	<u>Non-Metro</u>
2018	\$90,438	\$42,603	\$63,953	\$45,146	\$56,527	\$41,552
2017	84,542	41,114	60,286	43,320	53,864	39,690
2016	79,742	39,783	57,492	41,779	51,742	38,422
2015	76,122	38,562	55,308	41,021	50,747	38,255
2014	72,644	37,142	52,952	39,074	48,690	37,262

Source: United States Bureau of Economic Analysis

Taxable Retail Sales and Use Taxes

<u>Year</u>	<u>King County</u> ¹	<u>Kittitas County</u> ¹
2019	\$76,440,564,625 ²	\$1,268,302,658 ²
2018	72,683,916,434	1,172,418,170
2017	65,826,124,662	1,098,976,876
2016	62,234,630,017	998,228,797
2015	57,615,757,461	876,539,208

Source: Washington State Department of Revenue

¹) Includes unincorporated portions of each county

²) Data through year-end 2019

King County, Washington Residential Building Permits

<u>Year</u>	<u>New Single Family Buildings</u>		<u>New Multi Family Buildings</u>		<u>Total Valuation</u>
	<u>Number</u>	<u>Valuation</u>	<u>Number</u>	<u>Valuation</u>	
2019	3,777	\$1,494,505,945	703	\$2,071,136,054	\$3,565,641,999
2018	4,442	1,747,483,826	567	1,642,109,582	3,389,593,408
2017	4,356	1,735,074,421	579	2,174,576,693	3,909,651,114
2016	4,254	1,616,722,532	497	1,759,255,696	3,375,978,228
2015	4,010	1,539,049,136	521	2,227,509,189	3,766,558,325

Source: United States Census Bureau

Kittitas County, Washington Residential Building Permits

<u>Year</u>	<u>New Single Family Buildings</u>		<u>New Multi Family Buildings</u>		<u>Total Valuation</u>
	<u>Number</u>	<u>Valuation</u>	<u>Number</u>	<u>Valuation</u>	
2019	396	\$128,559,746	7	\$2,117,938	\$130,677,684
2018	435	133,752,925	11	17,801,273	151,554,198
2017	364	104,500,928	10	18,907,451	123,408,379
2016	304	82,338,224	7	2,113,683	84,451,907
2015	285	73,316,870	3	1,180,284	74,497,154

Source: United States Census Bureau

**King County and Puget Sound
Major Employers**

<u>Employer</u>	<u>Product or Service</u>	<u>Approx. # of Employees</u>
The Boeing Company	Aircraft Mfg./Military	69,830
Microsoft	Software Design/Prod.	53,973
Amazon.com Inc.	Online Retailer	52,000
University of Washington	Higher Education	46,820
Costco Wholesale Corp.	Bulk Wholesale Club	18,010
Fred Meyer Stores	Discount Grocery/Retail	16,070
King County Government	Municipal Services	15,600
Starbucks Coffee Co.	Coffee Retailer	14,130
City of Seattle	Municipal Services	13,410
Seattle Public Schools	K-12 Education	11,430
Alaska Air Group Inc.	Airline	9,590
Nordstrom, Inc.	Retail Apparel	9,200
Virginia Mason Health System	Healthcare	8,760
T-Mobile US Inc.	Mobile Communication	7,900
Expedia Group Inc.	Online Travel Agency	4,300

Source: Microsoft, King County, City of Seattle and the Puget Sound Book of Lists, as of June 29, 2019

**Kittitas County
Major Employers**

<u>Employer</u>	<u>Product or Service</u>	<u>Approx. # of Employees</u>
Central Washington University	Higher Education	1,400
Kittitas Valley Healthcare	Health Care	495
Kittitas County	Municipality	363
Twin City Foods	Food Processors	350
Ellensburg School District #401	Education	337
Cle Elum-Roslyn School District	Education	313
Elmview	Vocational Services	295
Anderson Hay & Grain Co., Inc.	Hay Products & Brokers	210
Fred Meyer	Grocery Store	198
Columbia Asphalt & Gravel, Inc.	Contractor	175
City of Ellensburg	Municipality	150
Shoemaker Manufacturing Co.	Manufacturing	105

Source: Ellensburg Downtown Association, March 2020

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**Washington State and King and Kittitas Counties
Resident Civilian Labor Force and Employment Data
(Annual Averages) ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State of Washington					
Civilian Labor Force	3,994,934	3,914,154	3,807,013	3,726,120	3,644,319
Total Employed	3,589,405	3,747,713	3,637,581	3,551,136	3,452,854
Total Unemployed	405,529	166,441	169,432	174,984	191,465
% Unemployed	10.20%	4.30%	4.50%	4.70%	5.30%
King County					
Civilian Labor Force	1,324,780	1,290,480	1,264,754	1,238,090	1,213,744
Total Employed	1,203,449	1,254,638	1,224,648	1,194,955	1,167,122
Total Unemployed	121,331	35,842	40,106	43,135	46,622
% Unemployed	9.20%	2.80%	3.20%	3.50%	3.80%
Kittitas County					
Civilian Labor Force	21,799	23,177	22,030	22,242	21,495
Total Employed	19,752	21,905	20,795	21,043	20,212
Total Unemployed	2,047	1,272	1,235	1,199	1,283
% Unemployed	9.40%	5.50%	5.60%	5.40%	6.00%

Source: Washington State Department of Employment Security

*2020 data not annualized and through July for State of Washington, June for King and Kittitas Counties.

**Non-Agricultural Wage and Salary Workers
Employed in Selected Sectors
(Annual Averages)**

	<u>2020*</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
King County					
Total Nonagricultural Wage & Salary Workers	1,332,500	1,469,000	1,433,200	1,398,200	1,357,400
Total Private	1,164,500	1,293,500	1,254,600	1,216,900	1,179,200
Mining, Logging & Construction	500	500	500	500	500
Manufacturing	94,800	106,400	103,300	103,300	106,000
Trade, Transportation, & Utilities	266,400	281,400	274,600	268,300	254,100
Information and Financial Activities	122,100	121,500	110,900	102,800	96,200
Professional & Business Services	231,200	239,000	233,100	227,800	222,800
Education & Health Services	173,500	189,900	185,800	179,100	174,000
Leisure & Hospitality	77,200	147,100	145,100	140,800	135,700
Government	168,500	175,500	178,500	181,300	178,200
Kittitas County					
Total Nonagricultural Wage & Salary Workers	15,470	17,570	17,370	16,930	16,480
Total Private	9,830	10,510	10,400	10,150	9,780
Mining, Logging & Construction	1,030	1,110	1,050	980	950
Manufacturing	500	570	540	550	560
Trade, Transportation, & Utilities	2,720	2,720	2,690	2,640	2,510
Information and Financial Activities	560	600	620	640	620
Professional & Business Services	640	650	650	610	520
Education & Health Services	1,610	1,640	1,610	1,560	1,470
Leisure & Hospitality	2,350	2,810	2,810	2,760	2,740
Government	5,640	7,060	6,970	6,780	6,700

Source: Washington State Department of Employment Security

* Through June 2020 only, not annually averaged

INITIATIVES AND REFERENDUM

General

Under the State Constitution, the voters of the State have the ability to initiate legislation and to modify existing statutes through the powers of initiative and referendum. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiatives) or 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature, but thereafter is subject to amendment or repeal by the Legislature in the same manner as other laws.

Future Initiatives

Initiative petitions affecting tax collections, levy rates and other matters may be filed in the future. The District cannot predict whether any such initiatives will qualify to be submitted to the voters or, if submitted, will be approved. Likewise, the District cannot predict what actions the Legislature might take, if any, regarding future initiatives approved by voters.

Seismic, Climate Change and Natural Disaster Considerations

The State is in an area of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. Certain soil types and property in certain areas of the State could become subject to liquefaction (the transformation of soil from a solid state to a liquid state) following a major earthquake, to landslides caused by an earthquake and to ongoing shaking that could follow a major earthquake. The State contains identified geologic faults. In addition to various faults beneath the State, the State is within the Cascadia subduction zone, a fault beneath the Pacific Ocean, which produced a giant earthquake several hundred years ago and is thought to be capable of causing extensive damage if another such earthquake occurs. The most recent notable earthquake in the State, which measured 6.8 on the Richter Scale, occurred in 2001. Areas of the State also could experience the effects of a tsunami following a major earthquake on the West Coast or in areas outside the United States. The Cascade Range in Western Washington also has volcanoes. Mount St. Helens erupted in 1980. Other natural disasters, including mudslides, wildfires, floods, windstorms, drought, and avalanches are possible. Much of the State experienced drought conditions in 2015 and 2018. The State has experienced a number of large wildfire seasons during the past decade.

The District can give no assurance regarding the effect of an earthquake, seismic activity in the State or in other areas, volcanic eruption, wind storms, mudslides or other natural disaster, epidemics, or acts of terrorism, or that proceeds of insurance carried by the District would be sufficient, if available, to rebuild and reopen facilities of the District or that surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a natural disaster.

Climate change may intensify and increase the frequency of extreme weather events, such as drought, wildfires, floods and heat waves, and raise sea levels along the coast. The loss of life and property damage that could result from a major earthquake or other major natural disasters could have a material adverse impact on the District and the local community and economy. Under Washington law, any person, firm or corporation may be liable if it creates or allows extreme fire hazards to exist and which hazards contribute to the spread of the fires.

Response to COVID-19 Pandemic

On February 29, 2020, the Governor proclaimed a state of emergency for all counties throughout the State as a result of COVID-19 as a pandemic. The World Health Organization has classified COVID-19 as a pandemic. The District continues to monitor closely the proclamations from the Governor's Office and recommendations from the U.S. Centers for Disease Control and Prevention and the Washington State Department of Health regarding actions the District can take to address COVID-19. As of the date of this official statement, the District's offices are closed to the public, and District business is being conducted to minimize contact among District employees. In addition, the District has not had additional or extraordinary COVID-19 expenses as costs incurred by the District have been covered the Washington State Department of Emergency Management.

Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures in response to COVID-19 are expected to have an adverse effect on economic activity with the District. For example, the Governor has issued proclamations, among others: prohibiting all people from leaving their home or place of residence until specified dates, except (1) to conduct or participate in essential activities (including obtaining necessary supplies

and services; engaging in activities essential for health and safety; caring for in another household or residence, or transporting for essential activities, family, friends and pets; and engaging in outdoor exercise activities) and/or (2) for employment in essential business services; and prohibiting until select dates, all non-essential businesses from conducting all activities and operations except minimum basic operations.

A willful violation of the Governor's orders would be a gross misdemeanor. Each of these proclamations indicates that the provisions of such proclamation could be extended beyond the date specified in the proclamation.

The District cannot predict if any of the proclamations will be extended, if the Governor will issue additional proclamations that can be expected to adversely impact economic activity within the District or the collection of District property taxes, or if the economic effects of COVID-19 will adversely impact property values within the District. (See "PROPERTY TAX INFORMATION – Limitations on Regular Property Levies" for a discussion regarding the effects of reductions in assessed value of property on the District's property tax levy.)

TAX MATTERS

Exclusion From Gross Income. In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Code that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements. The District is required to comply with certain requirements of the Code after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the Bonds. The District has covenanted in the Bond Resolution to comply with those requirements, but if the District fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken and does not undertake to monitor the District's compliance with such requirements.

Tax on Certain Passive Investment Income of S Corporations. Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25% of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax. Interest on the Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

Possible Consequences of Tax Compliance Audit. The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of its ultimate outcome.

Certain Other Federal Tax Consequences

Bonds "Qualified Tax-exempt Obligations" for Financial Institutions. Section 265 of the Code provides that 100% of any interest expense incurred by banks and other financial institutions for interest that is allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax-exempt obligations," only 20% of any interest expense deduction allocable to those obligations will be disallowed.

The District is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing less than \$10,000,000 of tax-exempt obligations (other than certain private activity bonds and other obligations not required to be included in such calculation) during the current calendar year, and has designated the Bonds as “qualified tax-exempt obligations” for purposes of the 80% financial institution interest expense deduction. Therefore, only 20% of interest expense deduction of a financial institution allocable to the Bonds will be disallowed for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies. Under Section 832 of the Code, interest on the Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 25% of tax-exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest on the Bonds into account in determining gross income.

Other Possible Federal Tax Consequences. Receipt of interest on the Bonds may have other federal tax consequences as to which prospective purchasers of the Bonds may wish to consult their own tax advisors.

Potential Future Federal Tax Law Changes. From time to time, there are legislative proposals in Congress which, if enacted, could require changes in the description of federal tax matters relating to the Bonds set forth above or adversely affect the market value of the Bonds. It cannot be predicted whether future legislation may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any proposed or pending legislation that would change the federal tax treatment of interest on the Bonds.

NO CONTINUING DISCLOSURE

The aggregate principal amount of the Bonds is less than \$1 million, therefore the issuance of the Bonds does not constitute an “Offering” under Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Consequently, the District does not undertake to provide financial information or operating data or notices of certain events with respect to the Bonds pursuant to the Rule. Copies of the District’s annual financial statements are available upon the filing of a request to the Fire Chief of the District, Fire Protection District No. 51, King and Kittitas Counties, Washington (Snoqualmie Pass Fire and Rescue), P.O. Box 99, Snoqualmie Pass, WA 98068-0099.

UNDERWRITING AND LEGAL

Underwriting Agreement

The Bonds are being purchased by Martin Nelson & Co., Inc., acting as the Underwriter. The purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a price of 99.00% of the par value of the Bonds. The Bonds will be reoffered at an average price of 100.00% of the par value of the Bonds. After the initial public offering, the public offering prices may be varied from time to time.

Rating

S&P Global Ratings has assigned an underlying rating of “A” to the Bonds. The rating reflects only the view of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating will be likely to have an adverse effect on the market price of the Bonds.

Absence of Material Litigation

There is no litigation pending questioning the validity of the Bonds, or the power and authority of the District to issue the Bonds.

Legal Opinion

Legal matters incident to the authorization, issuance and sale of the Bonds by the District are subject to the approving legal opinion of Foster Garvey P.C., Bond Counsel, the form of which is included as Appendix A. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of

the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

Conflicts of Interest

Some of or all of the fees of the Underwriter and Bond Counsel are contingent upon the issuance and sale of the Bonds. None of the Commissioners or other officials of the District have interests in the issuance of the Bonds that are prohibited by applicable law.

Miscellaneous

References to certain provisions of the Bond Resolution and other documents and agreements which are included in this Official Statement are intended to be solely summary in nature and do not purport to be comprehensive or definitive. References should be made to each of such documents in their entirety for further information in connection therewith. Copies of the aforementioned documents are available from the Fire Chief of the District, Fire Protection District No. 51, King and Kittitas Counties, Washington (Snoqualmie Pass Fire and Rescue), P.O. Box 99, Snoqualmie Pass, WA 98068-0099, upon request and payment to the District for charges of copying and mailing.

This Official Statement is not to be construed as a contract or agreement between the District and owners of any of the Bonds. Any statements made in this Official Statement or any Appendices hereto involving matters of opinion, whether or not expressly so stated, and any estimates are intended as such and not as representations of fact.

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Official Statement Certificate

At the time of delivery of the Bonds, one or more officials of the District will furnish a certificate stating that to the best of his, her or their knowledge, the Official Statement, as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

The District has authorized the delivery of this Official Statement.

FIRE PROTECTION DISTRICT NO. 51
(SNOQUALMIE PASS FIRE AND RESCUE)
KING AND KITTITAS COUNTIES, WASHINGTON

By: /s/Jay Wiseman
Fire Chief

Appendix A

FORM OF THE LEGAL OPINION

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October 8, 2020

Fire Protection District No. 51
(Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington

Re: Fire Protection District No. 51 (Snoqualmie Pass Fire and Rescue)
King and Kittitas Counties, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 2020

We have served as bond counsel to Fire Protection District No. 51 (Snoqualmie Pass Fire and Rescue), King and Kittitas Counties, Washington (the “District”), in connection with the issuance of the above-referenced bonds (the “Bonds”), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are issued by the District pursuant to Resolution No. 2020-18 (the “Bond Resolution”) to provide funds (i) to refund the outstanding Limited Tax General Obligation Bonds, 2010, issued by the District, to achieve a debt service savings, (ii) to purchase a new aid car and fire service equipment, and (iii) to pay the administrative costs of the refunding and the costs of issuance and sale of the Bonds, all as provided by the Bond Resolution.

Reference is made to the Bonds and the Bond Resolution for the definitions of capitalized terms used and not otherwise defined herein.

We have not been engaged to review and thus express no opinion concerning the completeness or accuracy of any official statement, offering circular, or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds.

Under the Internal Revenue Code of 1986, as amended (the “Code”), the District is required to comply with certain requirements after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the arbitrage rebate requirement to the extent applicable to the Bonds. The District has covenanted in the Bond Resolution to comply with those requirements, but if the District fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the District’s compliance with such requirements.

Based upon the foregoing, as of the date of initial delivery of the Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The District is a duly organized and legally existing municipal corporation under the laws of the State of Washington.
2. The Bonds have been duly authorized and executed by the District and are issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the resolutions of the District relating thereto.
3. The Bonds constitute valid and binding general obligations of the District payable from tax revenue of the District and such other money as is lawfully available and pledged by the District to be levied within the constitutional and statutory limitations provided by law without the assent of the voters, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. Assuming compliance by the District after the date of issuance of the Bonds with applicable requirements of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

FOSTER GARVEY PC

Appendix B

BOOK-ENTRY ONLY SYSTEM

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The following information has been provided by DTC. The District makes no representation regarding the accuracy or completeness thereof. Beneficial Owners should therefore confirm the following with DTC or the Direct Participants (as hereinafter defined).

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA-. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Registrar, on payable

date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

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Appendix C

AUDIT REPORT

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Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
King and Kittitas County Fire
Protection District No. 51
(Snoqualmie Pass Fire & Rescue)

For the period January 1, 2017 through December 31, 2018

Published July 18, 2019

Report No. 1024292





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

July 18, 2019

Board of Commissioners
Snoqualmie Pass Fire & Rescue
Snoqualmie Pass, Washington

Report on Financial Statements

Please find attached our report on Snoqualmie Pass Fire & Rescue's financial statements.

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

Sincerely,

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

Pat McCarthy
State Auditor
Olympia, WA

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 Government Auditing Standards.....	4
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	10
About the State Auditor's Office.....	28

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Snoqualmie Pass Fire & Rescue
January 1, 2017 through December 31, 2018**

Board of Commissioners
Snoqualmie Pass Fire & Rescue
Snoqualmie Pass, 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 Snoqualmie Pass Fire & Rescue, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated July 11, 2019.

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 Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated July 11, 2019.

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 the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 style with a large initial "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

July 11, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Snoqualmie Pass Fire & Rescue January 1, 2017 through December 31, 2018

Board of Commissioners
Snoqualmie Pass Fire & Rescue
Snoqualmie Pass, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Snoqualmie Pass Fire & Rescue, for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Snoqualmie Pass Fire & Rescue has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor’s *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Snoqualmie Pass Fire & Rescue, for the years ended December 31, 2018 and 2017, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Snoqualmie Pass Fire & Rescue, as of December 31, 2018 and 2017, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2019 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 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

July 11, 2019

FINANCIAL SECTION

Snoqualmie Pass Fire & Rescue January 1, 2017 through December 31, 2018

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2018

Fund Resources and Uses Arising from Cash Transactions – 2017

Notes to Financial Statements – 2018

Notes to Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2018

Schedule of Liabilities – 2017

Snoqualmie Pass Fire & Rescue

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2018

BARS CODE		Total For All Funds Total Amount	001 - EXPENSE FUND (639010) Actual Amount	200 - LTGO BOND FUND (639031) Actual Amount
Beginning Cash and Investments				
308.10	Reserved	161,969.48	48.74	0.00
308.80	Unreserved	314,589.59	314,589.59	0.00
388/588	Prior Period Adjustment, Net	0.00	0.00	0.00
Revenues				
310	Taxes	705,099.08	596,117.76	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental Revenues	2,444.00	2,444.00	0.00
340	Charges for Goods and Services	113,222.75	113,222.75	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous Revenues	16,902.81	15,615.50	0.00
	Total Revenues:	837,668.64	727,400.01	0.00
Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	593,458.68	593,158.68	0.00
530	Utilities	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Natural and Economic Environment	0.00	0.00	0.00
560	Social Services	0.00	0.00	0.00
570	Culture and Recreation	0.00	0.00	0.00
	Total Expenditures:	593,458.68	593,158.68	0.00
	Excess (Deficiency) Revenues over Expenditure	244,209.96	134,241.33	0.00
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	0.00	0.00	0.00
397	Transfers-In	106,053.19	4,723.88	96,340.00
385	Special or Extraordinary Items	57,176.04	47,826.64	0.00
389	Custodial Activities	0.00	0.00	0.00
381,395,398	Other Resources	0.00	0.00	0.00
	Total Other Increases in Fund Resources:	163,229.23	52,550.52	96,340.00
Other Decreases in Fund Resources				
594-595	Capital Expenditures	4,146.21	4,146.21	0.00
591-593, 599	Debt Service	224,118.47	19,330.97	96,340.00
597	Transfers-Out	106,053.19	96,340.00	0.00
589	Custodial Activities	(312.60)	(312.60)	0.00
585	Special or Extraordinary Items	0.00	0.00	0.00
581	Other Uses	0.00	0.00	0.00
	Total Other Decreases in Fund Resources:	334,005.27	119,504.58	96,340.00
Increase (Decrease) in Cash and Investments		73,433.92	67,287.27	0.00
Ending Cash and Investments				
508.10	Reserved	168,065.43	0.00	0.00
508.80	Unreserved	381,927.56	381,925.60	0.00
	Total Ending Cash and Investments	549,992.99	381,925.60	0.00

The accompanying notes are an integral part of this Statement

Snoqualmie Pass Fire & Rescue

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2018

BARS CODE		201 - UTGO BOND FUND (639032) Actual Amount	210 - FD8 GO BOND FUND (642030) Actual Amount	211 - FD8 GO BOND FUND APPARATUS Actual Amount
Beginning Cash and Investments				
308.10	Reserved	87,517.39	0.00	0.00
308.80	Unreserved	0.00	0.00	0.00
388/588	Prior Period Adjustment, Net	0.00	0.00	0.00
Revenues				
310	Taxes	68,950.83	75.10	39,929.41
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental Revenues	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous Revenues	0.00	0.00	0.00
	Total Revenues:	68,950.83	75.10	39,929.41
Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	300.00
530	Utilities	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Natural and Economic Environment	0.00	0.00	0.00
560	Social Services	0.00	0.00	0.00
570	Culture and Recreation	0.00	0.00	0.00
	Total Expenditures:	0.00	0.00	300.00
	Excess (Deficiency) Revenues over Expenditure	68,950.83	75.10	39,629.41
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	0.00	0.00	0.00
397	Transfers-In	0.00	0.00	0.00
385	Special or Extraordinary Items	0.00	1,959.97	4,749.36
389	Custodial Activities	0.00	0.00	0.00
381,395,398	Other Resources	0.00	0.00	0.00
	Total Other Increases in Fund Resources:	0.00	1,959.97	4,749.36
Other Decreases in Fund Resources				
594-595	Capital Expenditures	0.00	0.00	0.00
591-593, 599	Debt Service	69,060.00	0.00	39,387.50
597	Transfers-Out	0.00	2,035.07	4,989.31
589	Custodial Activities	0.00	0.00	0.00
585	Special or Extraordinary Items	0.00	0.00	0.00
581	Other Uses	0.00	0.00	0.00
	Total Other Decreases in Fund Resources:	69,060.00	2,035.07	44,376.81
Increase (Decrease) in Cash and Investments		(109.17)	0.00	1.96
Ending Cash and Investments				
508.10	Reserved	87,408.22	0.00	0.00
508.80	Unreserved	0.00	0.00	1.96
	Total Ending Cash and Investments	87,408.22	0.00	1.96

The accompanying notes are an integral part of this Statement

Snoqualmie Pass Fire & Rescue

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2018

BARS CODE		212 - FD8 GO BOND FUND APPARATUS Actual Amount	300 - LTGO Construction Fund (639020) Actual Amount	301 - UTGO Construction Fund (639021) Actual Amount
Beginning Cash and Investments				
308.10	Reserved	0.00	63.84	74,316.83
308.80	Unreserved	0.00	0.00	0.00
388/588	Prior Period Adjustment, Net	0.00	0.00	0.00
Revenues				
310	Taxes	0.00	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental Revenues	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous Revenues	0.00	0.39	1,286.84
	Total Revenues:	0.00	0.39	1,286.84
Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Utilities	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Natural and Economic Environment	0.00	0.00	0.00
560	Social Services	0.00	0.00	0.00
570	Culture and Recreation	0.00	0.00	0.00
	Total Expenditures:	0.00	0.00	0.00
	Excess (Deficiency) Revenues over Expenditure	0.00	0.39	1,286.84
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	0.00	0.00	0.00
397	Transfers-In	4,989.31	0.00	0.00
385	Special or Extraordinary Items	0.00	0.00	0.00
389	Custodial Activities	0.00	0.00	0.00
381,395,398	Other Resources	0.00	0.00	0.00
	Total Other Increases in Fund Resources:	4,989.31	0.00	0.00
Other Decreases in Fund Resources				
594-595	Capital Expenditures	0.00	0.00	0.00
591-593, 599	Debt Service	0.00	0.00	0.00
597	Transfers-Out	0.00	0.00	0.00
589	Custodial Activities	0.00	0.00	0.00
585	Special or Extraordinary Items	0.00	0.00	0.00
581	Other Uses	0.00	0.00	0.00
	Total Other Decreases in Fund Resources:	0.00	0.00	0.00
Increase (Decrease) in Cash and Investments		4,989.31	0.39	1,286.84
Ending Cash and Investments				
508.10	Reserved	4,989.31	64.23	75,603.67
508.80	Unreserved	0.00	0.00	0.00
	Total Ending Cash and Investments	4,989.31	64.23	75,603.67

The accompanying notes are an integral part of this Statement

Snoqualmie Pass Fire & Rescue

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2018

BARS CODE		310 - FD8 Engine Fund (642020) Actual Amount	311 - FD8 APPARATUS PROJECT Fund Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	0.00	22.68	0.00
308.80	Unreserved	0.00	0.00	0.00
388/588	Prior Period Adjustment, Net	0.00	0.00	0.00
Revenues				
310	Taxes	0.00	25.98	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental Revenues	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous Revenues	0.00	0.08	0.00
	Total Revenues:	0.00	26.06	0.00
Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Utilities	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Natural and Economic Environment	0.00	0.00	0.00
560	Social Services	0.00	0.00	0.00
570	Culture and Recreation	0.00	0.00	0.00
	Total Expenditures:	0.00	0.00	0.00
	Excess (Deficiency) Revenues over Expenditure	0.00	26.06	0.00
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	0.00	0.00	0.00
397	Transfers-In	0.00	0.00	0.00
385	Special or Extraordinary Items	2,640.07	0.00	0.00
389	Custodial Activities	0.00	0.00	0.00
381,395,398	Other Resources	0.00	0.00	0.00
	Total Other Increases in Fund Resources:	2,640.07	0.00	0.00
Other Decreases in Fund Resources				
594-595	Capital Expenditures	0.00	0.00	0.00
591-593, 599	Debt Service	0.00	0.00	0.00
597	Transfers-Out	2,640.07	48.74	0.00
589	Custodial Activities	0.00	0.00	0.00
585	Special or Extraordinary Items	0.00	0.00	0.00
581	Other Uses	0.00	0.00	0.00
	Total Other Decreases in Fund Resources:	2,640.07	48.74	0.00
Increase (Decrease) in Cash and Investments		0.00	(22.68)	0.00
Ending Cash and Investments				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	0.00	0.00	0.00
	Total Ending Cash and Investments	0.00	0.00	0.00

The accompanying notes are an integral part of this Statement

King and Kittitas County Fire Protection District No. 51
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

	Total for All Funds (Memo Only)				
	000 General	200 Debt	201 Debt	300 Capital	301 Capital
Beginning Cash and Investments					
30810 Reserved	161,774	-	88,012	64	73,698
30880 Unreserved	223,616	-	-	-	-
388 / 588 Prior Period Adjustments, Net	-	-	-	-	-
Revenues					
310 Taxes	590,318	-	64,690	-	-
320 Licenses and Permits	-	-	-	-	-
330 Intergovernmental Revenues	82,570	-	-	-	-
340 Charges for Goods and Services	129,261	-	-	-	-
350 Fines and Penalties	-	-	-	-	-
360 Miscellaneous Revenues	58,146	-	-	-	619
Total Revenues:	<u>860,914</u>	<u>-</u>	<u>64,690</u>	<u>-</u>	<u>619</u>
Expenditures					
510 General Government	-	-	-	-	-
520 Public Safety	586,652	-	-	-	-
Total Expenditures:	<u>586,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:	<u>274,262</u>	<u>-</u>	<u>64,690</u>	<u>-</u>	<u>619</u>
Other Increases in Fund Resources					
391-393, 596 Debt Proceeds	-	-	-	-	-
397 Transfers-In	98,090	98,090	-	-	-
385 Special or Extraordinary Items	-	-	-	-	-
386 / 389 Custodial Activities	-	-	-	-	-
381, 395, 398 Other Resources	-	-	-	-	-
Total Other Increases in Fund Resources:	<u>98,090</u>	<u>98,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595 Capital Expenditures	19,841	-	-	-	-
591-593, 599 Debt Service	163,275	98,090	65,185	-	-
597 Transfers-Out	98,090	-	-	-	-
585 Special or Extraordinary Items	-	-	-	-	-
586 / 589 Custodial Activities	-	-	-	-	-
Total Other Decreases in Fund Resources:	<u>281,206</u>	<u>98,090</u>	<u>65,185</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:	<u>91,146</u>	<u>-</u>	<u>(495)</u>	<u>-</u>	<u>619</u>
Ending Cash and Investments					
5081000 Reserved	161,898	-	87,517	64	74,317
5088000 Unreserved	314,638	-	-	-	-
Total Ending Cash and Investments	<u>476,536</u>	<u>-</u>	<u>87,517</u>	<u>64</u>	<u>74,317</u>

The accompanying notes are an integral part of this statement.

King and Kittitas County Fire Protection District No. 51
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The Snoqualmie Pass Fire and Rescue was incorporated on March 16, 1970 as Kittitas County Fire District #5 and operates under the laws of the state of Washington applicable to a special purpose government. The district is a special purpose local government and provides fire protection services to the general public and is supported primarily through property taxes. Since Snoqualmie Pass lies in both King and Kittitas County, it was necessary to form a King County Fire District. So, on March 16, 1971 King County Fire District #49 was incorporated. On October 14, 1992, Kittitas County Fire District #5 merged into King county Fire District #49, forming King and Kittitas Counties Fire Protection District No. 51. On November 12, 2007, by passage of Resolution 2007-008, the District changed its name to Snoqualmie Pass Fire & Rescue. The District operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts. A board of Commissioners, composed of Five elected registered voters residing in the District, manage the affairs of the District.

On March 17, 2017, by passage of Resolution 2017-10 The District started the petition to merge Fire District #8 into Snoqualmie Pass Fire and Rescue to consolidate operations into one district. On November 30, 2017, by passage of Resolution 2017-16, Fire District #8 will be merged into Snoqualmie Pass Fire and Rescue effective January 1, 2018. This was voter approved by voters in District #8. The Board of Commissioners is currently composed of six (6) elected registered voters residing in the Districts, to manage the affairs of the District, until through attrition, the board size reduces back to three (3) Commissioners. However, the Board is planning to file a proposition to the voters of the District to expand the Board size to five (5), in the November 2018 general election.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial

resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. Special Revenue Fund Balance represents portions of fund balance that are legally restricted for a specific future purpose. On December 2010, the District issued unlimited tax general obligation bonds and received a premium of \$16. This amount will be used to pay off the bonds. Also, the proceeds from the issuance of UTGO and LTGO bonds, \$845,000 and \$1,035,000 respectfully, were restricted for the construction of the District's new fire station. In 2008, FD #8 (now merged into FD #51) issued voter approved Bond for Fire Apparatus for \$475,000.

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.

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$300 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Full Time Firefighters receive 15 days of Paid Time off (PTO) annually calculated from January 1 through December 31, which is inclusive of both vacation and sick leave PTO. Vacation/Sick leave PTO may be accumulated up to 5 days over into the next calendar year, not to exceed 20 days total. Upon separation or retirement for any reason, employees do not receive payment for unused sick leave/PTO. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by voters or the Board. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

UTGO Bond Fund (639032) Voter Approved from taxpayers \$87,408.22 (2018 Revenue \$68,950.83 (to pay UTGO Bond))

LTGO Construction Fund (639020) \$64.23 (for Construction of Station) (2018 Revenue \$.39)

UTGO Construction Fund (639021) \$75,603.67 (for Construction of Station) (2018 Revenue \$1,286.84)

Go Bond Fund (639033) \$4,989.31 (for Fire Apparatus) (2018 Revenue \$0)

FD #8 GO Bond Fund (642030) \$2,035.07 (2018 Revenue \$75.10)

FD #8 GO Bond Fund (642031) \$ 1.96 (for FD #8 Engine Fund) (2018 Revenue \$39,929.41)
(642031 funds were transferred to 639033, a new account, as FD #8 no longer exists)

General Fund (639010) \$ 48.74 (for FD#8 Apparatus Project Fund 642021) (2018 Revenue \$26.06)

Note 2 – Budget Compliance

A. Budgets

The districts adopts annual appropriated budgets for the General 639010 fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund (639010):	\$ 669,477	\$ 616,143	\$ 53,333
Total General Fund (639010)	\$ 669,477	\$ 616,143	\$ 53,333

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

Note 3 – Deposits and Investments

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

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

Note 4 - Property Tax

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

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

REGULAR LEVIES FD #51 & FD #8:

The KITTITAS County regular levy FD#51 for the year 2018 was \$.95203494 per \$1,000 on an assessed valuation of \$ 231,398,574 for a total regular levy of \$ 220,299.31.

The KITTITAS County regular levy FD#8 for the year 2018 was \$ 1.010247 per \$1,000 on an assessed valuation of \$ 106,118,498 for a total regular levy of \$ 107,205.89.

The KING County regular levy FD #51 for the year 2018 was \$. 95203494 per \$1,000 on an assessed valuation of \$77,905,761 for a total regular levy of \$74,169.

BONDS #51 & FD #8:

In 2018, the district FD#51 levied also in KITTITAS County \$.223543 per \$1,000 for Fire Station Bond for a total additional levy of \$ 51,700.94.

In 2018, the district FD #51 levied also in KING County \$.223543 per \$1,000 of assessed value for the Fire Station Bond for a total additional levy of \$17,415.05.

In 2018, the district FD #8 levied also in KITTITAS County \$.371065 per \$1,000 for Fire Apparatus 2008-2027 Bond for a total additional levy of \$ 39,361.45.

FIRE BENEFIT CHARGE (FBC) #51:

In, 2018, the district FD#51 also budgeted to collect \$203,319.00 from a Fire Benefit Charge (FBC) placed on all residential, multi-family, and commercial structures, and set the FBC amount at that total. GL Detail report for 2018 states we collected \$143,570.30 from Kittitas County and \$49,498.48 from King County FBC collections.

Note 5 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district’s debt transactions for year ended December 31, 2018.

The debt service requirements for General Obligation Bonds, Revenue Bonds, Lease 2009 INTERNATIONAL 4X4 PUMPER TRUCK, and Lease on Two (2) FORD SUPER DUTY F550 XL TRUCKS are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 122,943	\$101,175.35	\$ 224,118.47
2019	\$ 133,404	\$ 96,401.59	\$ 229,805.97
2020	\$ 126,008	\$ 91,046.12	\$ 217,053.98
2021	\$ 130,638	\$ 85,237.50	\$ 215,875.93
2022	\$ 135,000	\$ 78,796.64	\$ 213,796.64
2023 – 2027	\$ 830,000	\$276,052.50	\$1,106,052.50
TOTALS	<u>\$1,477,993</u>	<u>\$728,709.7</u>	<u>\$2,206,743.49</u>

Note 6 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

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

At June 30, 2018 (the measurement date of the plans), the district’s proportionate share of the collective net

pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1		%	\$
PERS 2/3			
PSERS 2			
LEOFF 1			
LEOFF 2	\$10,900.21	.006286%	(\$127,620)
VFFRPF			

LEOFF Plan 2

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

Note 7 – Risk Management

Snoqualmie Pass Fire and Rescue individually purchases commercial insurance policies with VFIS Insurance, a division of Glatfelter Insurance Group.
 183 Leader Heights Road, P.O. Box 2726, York, Pennsylvania, 17405.
 2018 Annual premiums - \$40,421.00. Deductible - \$1,000.

Note 8 - Other Disclosures

Effective January 1, 2018, Fire District #8 will be merging into Fire District #51, and will be consolidating operations into one district. This was voter approved by voters in District #8.

The Inter Local Agreement (ILA) with Kittitas Fire District 7, ended on October 17, 2018.

Note 9 – Subsequent Events

On April 3, 2019, Snoqualmie Pass Fire and Rescue sold the old fire station located at 69802 State Route 906 to Pass Vision LLC for \$50,000. This ended the lease with the Forest Service, as Pass Vision LLC will be the new lease holder for the land with the Forest Service. As such, Snoqualmie Pass Fire & Rescue will no longer be responsible for the tear down of the old Fire Station, thus the \$76,175 in reserves, will not have to be spent on demolition of the old Fire Station, per the terms of the lease.

Buyer Name: Pass Vision LLC
 Seller Name: Snoqualmie Pass Fire & Rescue
 Old Fire Station Sale 4/3/2019

King and Kittitas County Fire Protection District No. 51
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The Snoqualmie Pass Fire and Rescue is a special purpose government that provides fire protection services to the general public and is supported primarily through property taxes. The District was incorporated on March 16, 1970 as Kittitas County Fire District #5. Since Snoqualmie Pass lies in both King and Kittitas County, it was necessary to form a King County Fire District. So, on March 16, 1971 King County Fire District #49 was incorporated. On October 14, 1992, Kittitas County Fire District #5 merged into King county Fire District #49, forming King and Kittitas Counties Fire Protection District No. 51. On November 12, 2007, by passage of Resolution 2007-008, the District changed its name to Snoqualmie Pass Fire & Rescue. The District operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts. A board of Commissioners, composed of three elected registered voters residing in the District, manage the affairs of the District.

On March 17, 2017, by passage of Resolution 2017-10 The District started the petition to merge Fire District #8 into Snoqualmie Pass Fire and Rescue to consolidate operations into one district. On November 30, 2017, by passage of Resolution 2017-16, Fire District #8 will be merged into Snoqualmie Pass Fire and Rescue effective January 1, 2018. This was voter approved by voters in District #8. The Board of Commissioners is currently composed of six (6) elected registered voters residing in the Districts, to manage the affairs of the District, until through attrition, the board size reduces back to three (3) Commissioners. However, the Board is planning to file a proposition to the voters of the District to expand the Board size to five (5), in the November 2018 general election.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. Special Revenue Fund Balance represents portions of fund balance that are legally restricted for a specific future purpose. On December 2010, the District issued unlimited tax general obligation bonds and received a premium of \$16. This amount will be used to pay off the bonds. Also, the proceeds from the issuance of UTGO and LTGO bonds, \$845,000 and \$1,035,000 respectfully, were restricted for the construction of the District's new fire station.

Debt Service Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Budgets

The Districts adopts annual appropriated budgets for the General (639010) fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund/Department	Final Appropriated Amounts		
	Actual	Expenditures	Variance
General Fund (639010):	\$651,682.00	\$606,287.87	\$45,394.13
	-----	-----	-----
Total General Fund (639010)	\$651,682.00	\$606,287.87	\$45,394.13

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

D. Cash and Investments

See Note 2, Deposits and Investments.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$300 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Full Time Firefighters receive 15 days of Paid Time off (PTO) annually calculated from January 1 through December 31, which is inclusive of both vacation and sick leave PTO. Vacation/Sick leave may be accumulated up to 5 days over into the next calendar year, not to exceed 20 days total. Upon separation for any reason, unused

PTO shall be forfeited. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 3, Debt Service Requirements.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by voters or The Board. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

UTGO Bond Fund (639032) Voter Approved from taxpayers \$87,517 - 2017 Revenue \$64,690 (to pay UTGO Bond)

LTGO Construction Fund (639020) \$63.84 (for Construction of Station)

UTGO Construction Fund (639021) \$74,316.83 (for Construction of Station)

Note 2 - Deposits and Investments

It is the District's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. All deposits/investments are held by Kittitas County in the district's name.

Note 3 Property Tax

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

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

The KITTITAS County regular levy for the year 2017 was \$.95203494 per \$1,000 on an assessed valuation of \$ 231,398,574 for a total regular levy of \$ 220,299.31.

The KING County regular levy for the year 2017 was \$.94499 per \$1,000 on an assessed valuation of \$71,933,331 for a total regular levy of \$67,976.28.

In 2017, the district levied also in KITTITAS County \$.223543 per \$1,000 for Fire Station Bond for a total additional levy of \$ 51,700.94.

In 2017, the district levied also in KING County \$.21824 per \$1,000 of assessed value for the Fire Station Bond for a total additional levy of \$15,698.73.

In, 2017, the district also budgeted to collect \$203,319.00 from a Fire Benefit Charge (FBC) placed on all residential, multi-family, and commercial structures, and set the FBC amount at that total. GL Detail report for 2017 states we collected \$123,503.88 from Kittitas County and \$65,440.37 from King County FBC collections.

Note 4 - Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2017.

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

	Principal	Interest	Total
2017	\$ 80,000	\$ 83,275.00	\$ 163,275.00

2018	\$ 85,000	\$ 80,400.00	\$ 165,400.00
2019	\$ 90,000	\$ 77,212.50	\$ 167,212.50
2020	\$ 90,000	\$ 73,612.50	\$ 163,212.50
2021	\$ 95,000	\$ 69,787.50	\$ 164,787.50
2022 - 2026	\$585,000	\$ 268,357.50	\$ 853,357.50

TOTALS	\$1,025,000	\$ 652,645.00	\$1,677,645.00
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Note 5 - Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov. The District also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	0% \$0		
PERS 2/3	0% \$0		
LEOFF 1	0% \$0		
LEOFF 2	\$10,819.20	.006849%	(\$95,042)
VFFRPF	0% \$0		

LEOFF Plan 2

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

Note 6 - Risk Management

Snoqualmie Pass Fire and Rescue individually purchases commercial insurance policies with VFIS Insurance, a division of Glatfelter Insurance Group. 183 Leader Heights Road, P.O. Box 2726, York, Pennsylvania, 17405.
 2017 Annual premiums - \$30,237.00. Deductible - \$1,000.

Note 7 - Subsequent Events

Effective January 1, 2018, Fire District #8 will be merging into Fire District #51, and will be consolidating operations into one district. This was voter approved by voters in District #8.

King and Kittitas County Fire Protection District No. 51
Schedule of Liabilities
For the Year Ended 12/31/2018

ID	Description	Maturity/Payment	Beginning		Reductions	Ending Balance
		Due Date	Balance	Additions		12/31/2018
		___/___/20__	01/01/2018			
251.11	2010 LTGO NON-VOTER APPROVED	12/1/2030	890,000		50,000	840,000
251.12	2010 UTGO VOTER APPROVED (32)	12/1/2030	665,000		35,000	630,000
251.12	2007 UTGO VOTER APPROVED (FD#8))	12/1/2027	0	340,000	20,000	320,000
259.12	Comp Time	1/1/2030	6,341	3,723	8,308	1,756
	2013 LEASE 2009 INTERNATIONAL 4X4 PUMPER TRUCK	12/15/2018	0	15,368	7,622	7,746
	2013 - LEASE TWO (2) 2013 FORD SUPER DUTY F550 XL TRUCKS	3/15/2021	0	37,625	10,320	27,305

King and Kittitas County Fire Protection District No. 51
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2010 LTGO NON-VOTER APPROVED	12/1/2030	940,000	-	50,000	890,000
251.12	2010 UTGO VOTER APPROVED (32)	12/1/2030	695,000	-	30,000	665,000
Total General Obligation Debt/Liabilities:			1,635,000	-	80,000	1,555,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Comp Time	1/1/2030	5,517	5,919	5,095	6,341
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,517	5,919	5,095	6,341
Total Liabilities:			1,640,517	5,919	85,095	1,561,341

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
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