

King County Fire Protection District No. 16
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

		Total for All Funds (Memo Only)	000 General	100 Donation	200 GOBOND
Beginning Cash and Investments					
30810	Reserved	7,067,735	6,877,596	74,451	115,688
30880	Unreserved	4,187,855	4,187,855	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	8,713,747	7,490,976	-	1,222,771
320	Licenses and Permits	67,684	67,684	-	-
330	Intergovernmental Revenues	430,973	430,973	-	-
340	Charges for Goods and Services	4,000	4,000	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	80,792	77,513	737	2,542
Total Operating Revenues:		<u>9,297,196</u>	<u>8,071,146</u>	<u>737</u>	<u>1,225,313</u>
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	7,364,617	7,363,556	1,023	38
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		<u>7,364,617</u>	<u>7,363,556</u>	<u>1,023</u>	<u>38</u>
Net Operating Increase (Decrease):		<u>1,932,579</u>	<u>707,590</u>	<u>(286)</u>	<u>1,225,275</u>
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	6,966	6,966	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		<u>6,966</u>	<u>6,966</u>	<u>-</u>	<u>-</u>
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	92,765	90,268	-	2,497
591-593	Debt Service	1,146,189	-	-	1,146,189
594-595	Capital Expenditures	61,417	61,417	-	-
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		<u>1,300,371</u>	<u>151,685</u>	<u>-</u>	<u>1,148,686</u>
Net Increase (Decrease) in Cash and Investments:		<u>639,174</u>	<u>562,871</u>	<u>(286)</u>	<u>76,589</u>
Ending Cash and Investments					
5081000	Reserved	7,214,905	6,948,463	74,165	192,277
5088000	Unreserved	4,679,862	4,679,862	-	-
Total Ending Cash and Investments		<u>11,894,767</u>	<u>11,628,325</u>	<u>74,165</u>	<u>192,277</u>

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 16
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

		Total for All Funds	
		(Memo Only)	632 HRA
308	Beginning Cash and Investments	379,556	379,556
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	80,323	80,323
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	84,519	84,519
Net Increase (Decrease) in Cash and Investments:		(4,196)	(4,196)
508	Ending Cash and Investments	375,360	375,360

King County Fire Protection District No. 16
Schedule of Liabilities
For the Year Ended December 31, 2015

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.12	Go Bonds	12/1/2028	14,515,000	-	580,000	13,935,000
Total General Obligation Debt/Liabilities:			14,515,000	-	580,000	13,935,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences	12/31/2015	1,023,055	-	37,003	986,052
264.30	Net Pension Liability	12/31/2015	-	266,551	-	266,551
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,023,055	266,551	37,003	1,252,603
Total Liabilities:			15,538,055	266,551	617,003	15,187,603

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

King County Fire Protection District No. 16 (The District) is a Special Purpose District that provides fire protection and emergency medical services to the general public and is supported through property taxes and a benefit charge as provided by RCW 52.18. The District was incorporated on October 15, 1942 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

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. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the District. 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.

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 Project 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

The District reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the Cash Basis Budgeting Accounting and Reporting System (BARS) manual. The cash basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

C. Budget

The District adopts annual appropriated budgets for the general 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 2015 budget were as follows:

Fund Name	Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$7,893,877	\$7,363,554	\$530,323

Any revisions that alter the total authorized expenditure of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the District's legislative body.

D. Cash and Investments

Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as cash and investments.

Investments

See note 2

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets are recorded as capital expenditures when purchased.

F. Compensated Absences

Union Employees

Vacation pay may be accumulated up to 288 hours and is payable upon separation or retirement. Sick leave may accumulate indefinitely. Upon retirement or permanent disability employees receive payment for 50% of unused sick leave up to an equivalent of 400 hours. For line of duty death 100% of sick leave hours are paid to the designated beneficiary. The District's estimated liability for sick leave and vacation termination benefits on December 31, 2015 was \$482,745.28 and \$291,439.10 respectively. The total compensated leave liability for union employees decreased by \$41,427 from the 2014 calculated liability.

Non-Union Employees

Vacation pay may be accumulated up to 480 hours and is payable upon separation or retirement. Sick leave may accumulate indefinitely. Upon retirement or permanent disability employees receive payment for 50% of unused sick leave up to an equivalent of 400 hours. The District's estimated liability for sick leave and vacation termination benefits on December 31, 2015 was \$110,473.44 and \$101,393.75 respectively. The total compensated leave liability for non-union employees increased by \$4,422 from the 2014 calculated liability.

G. Long-Term Debt

See note 3

H. Other Financing Sources or Uses

The District did not have any other financing sources or uses in 2015.

I. Risk Management

The District manages its risk by maintaining insurance coverage for damages and losses to property, apparatus, portable equipment or criminal acts. Coverage for general, management, automotive related liability is included. The insurance coverage is purchased through Volunteer Firemen's Insurance Services, Inc. (VFIS). The District's local broker for VFIS is MacIvennie Associates, Inc.

VFIS	MacIvennie Associates, Inc.
183 Leader Heights Road	P.O. Box 8629
York, PA 17402	Covington, WA 98042

J. 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 Resolution or requiring Board approval.

Listed below are the funds, year-end balances and restrictions for the District funds that have a beginning and end cash balance that are designated as reserved.

Reserve Fund

\$6,948,463 of the year-end fund balance has been reserved by Board resolution for capital acquisition, employee benefits, loss of revenues, natural disaster, losses not reimbursed by insurance and facility upgrades and major repairs.

Donation Fund

The fund balance of \$74,165 represents funds donated by members of the community and can only be expended for purposes approved by the Board of Commissioners.

GO Bond Fund

The fund balance of \$192,277 represents funds collected from a general obligation bond levy that can only be used to pay principal and interest on the outstanding bond debt (see note 3).

HRA Fund

This is a fiduciary account for the funds contributed to the employees of the District as part of their medical plan. Funds in this account are used to offset IRS authorized medical expenses by the employee and managed by Navia Benefit Solutions. The reconciled ending fund balance of this account was \$375,360.

NOTE 2 – 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.

Investments are reported at the fair value. Investments by type at December 31, 2015, are as follows:

<u>Type of Investment</u>	<u>District’s own investments</u>	<u>Investments held by District as an agent for other local governments, individuals, or private organizations</u>	<u>Total</u>
<u>Federal Agencies</u>	\$4,650,854	\$127,080	\$4,797,620
<u>U.S. Treasury</u>	\$4,305,906	\$117,655	\$4,441,786
<u>LGIP</u>	\$713,686	\$19,501	\$736,208
<u>Cash & Equivalents</u>	\$0	\$50,347	\$0
<u>Agency Mortgages</u>	\$11,895	\$325	\$12,270
<u>Repurchase Agreements</u>	\$178,422	\$4,875	\$184,052

Commercial Paper	\$475,791	\$13,001	\$490,805
Corporate Bank Notes	\$1,558,214	\$42,577	\$1,607,387
Total	\$11,894,767	\$375,360	\$12,270,127

NOTE 3 – DEBT SERVICE REQUIREMENTS

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, 2015.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

General Obligation Debt Schedule

Year	Principal	Interest	Total
2015	\$580,000	\$566,188	\$1,146,188
2016	\$645,000	\$551,688	\$1,196,689
2017	\$715,000	\$532,338	\$1,247,339
2018	\$790,000	\$510,888	\$1,300,889
2019	\$875,000	\$79,288	\$1,354,289
2020 - 2028	\$10,910,000	\$2,208,134	\$14,303,117
Totals	\$13,935,000	\$4,282,524	\$18,217,336

NOTE 4 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed as they are received.

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

The District’s regular levy for the year 2015 was \$.875 per \$1,000 on an assessed valuation of \$5,532,768,257 for a total regular levy of \$4,838,617.

In 2015 the District also levied \$.221 per \$1,000 for general obligation bond debt service requirements for a total additional levy of \$1,225,000.

In 2015, the District also assessed a benefit charge of \$2,650,000.

NOTE 5 - PENSION PLANS

Substantially all of the District's full-time and qualifying part-time employees participate in the PERS and LEOFF II plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
 Communications Unit
 PO Box 48380
 Olympia WA 98504-8380

At June 30, 2015, the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	ALLOCATION %	NET LIABILITY
PERS 1 UAAL	.002707%	\$ 141,601
PERS 2 AND 3	.003497%	\$ 124,950
LEOFF 1	.001627%	(\$196,089)
LEOFF 2	.160988%	(\$1,654,635)

NOTE 6 - OTHER DISCLOSURES

The District is obligated to pay for post-employment benefits for former employees that belong to the LEOFF1 retirement system. These benefits include medical, dental, vision, and long term care. 6 retirees received benefits during the year and \$50,310.28 was paid out for those benefits during the year.

NORCOM

In November of 2007, Northshore Fire Department, with the cities of Bellevue, Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Woodinville Fire & Rescue and Shoreline Fire Department entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of the cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. For 2015, Northshore Fire Department's

share of these fees was \$190,957.00. Additional financial information may be obtained from NORCOM, c/o Gwen Pilo, Finance Manager, P.O. Box 50911, Bellevue, WA 98015-0911.

On February 28, 2014, the City of Bothell annexed approximately 4% of the District's jurisdiction. An agreement with the City of Bothell specified the property tax levy assessments for January and February of 2014 would be retained by the District. The agreement stipulated the 2014 benefit charge collection would be retained by the District. On January 12, 2015, the District made final payment of the property tax levy collections that were received in the second half of 2014 for the parcels in the annexation area. Payment was made from the general fund and totaled \$105,504.54.