

**King County Fire Protection District No. 16**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		Total for All Funds (Memo Only)	000 General	100 Donation	200 GOBOND	300 Capital
<b>Beginning Cash and Investments</b>						
30810	Reserved	7,467,138	6,931,342	79,039	114,387	342,370
30880	Unreserved	5,313,639	5,313,639	-	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-	-
<b>Operating Revenues</b>						
310	Taxes	8,450,528	7,265,079	-	1,185,449	-
320	Licenses and Permits	48,890	48,890	-	-	-
330	Intergovernmental Revenues	397,264	397,264	-	-	-
340	Charges for Goods and Services	4,739	4,739	-	-	-
350	Fines and Penalties	-	-	-	-	-
360	Miscellaneous Revenues	76,214	67,450	514	2,867	5,383
Total Operating Revenues:		8,977,635	7,783,422	514	1,188,316	5,383
<b>Operating Expenditures</b>						
510	General Government	-	-	-	-	-
520	Public Safety	7,474,817	7,338,429	5,128	421	130,839
Total Operating Expenditures:		7,474,817	7,338,429	5,128	421	130,839
Net Operating Increase (Decrease):		1,502,818	444,993	(4,614)	1,187,895	(125,456)
<b>Nonoperating Revenues</b>						
370-380, 395 & 398	Other Financing Sources	1,892,785	38,343	-	-	1,854,442
391-393	Debt Proceeds	-	-	-	-	-
397	Transfers-In	3,386,125	-	125	1,960,000	1,426,000
Total Nonoperating Revenues:		5,278,910	38,343	125	1,960,000	3,280,442
<b>Nonoperating Expenditures</b>						
580, 596 & 599	Other Financing Uses	127,980	126,374	-	1,606	-
591-593	Debt Service	3,144,989	-	-	3,144,989	-
594-595	Capital Expenditures	1,646,776	30,890	-	-	1,615,886
597	Transfers-Out	3,386,125	1,504,655	-	-	1,881,470
Total Nonoperating Expenditures:		8,305,870	1,661,919	-	3,146,595	3,497,356
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>(1,524,142)</b>	<b>(1,178,583)</b>	<b>(4,489)</b>	<b>1,300</b>	<b>(342,370)</b>
<b>Ending Cash and Investments</b>						
5081000	Reserved	7,067,835	6,877,596	74,551	115,688	-
5088000	Unreserved	4,187,855	4,187,855	-	-	-
<b>Total Ending Cash and Investments</b>		<b>11,255,690</b>	<b>11,065,451</b>	<b>74,551</b>	<b>115,688</b>	<b>-</b>

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, 2014**

		<b>Total for All Funds</b>	
		<b>(Memo Only)</b>	<b>632 HRA</b>
308	Beginning Cash and Investments	359,379	359,379
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	119,963	119,963
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	99,786	99,786
Net Increase (Decrease) in Cash and Investments:		20,177	20,177
508	Ending Cash and Investments	379,556	379,556

**King County Fire Protection District No. 16**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

<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>
<b>General Obligation Debt/Liabilities</b>						
251.12	GO Bonds	12/1/2028	17,000,000	-	2,485,000	14,515,000
259.11	Compensated Absences	12/31/2014	959,784	63,271	-	1,023,055
<b>Total General Obligation Debt/Liabilities:</b>			<b>17,000,000</b>		<b>2,485,000</b>	<b>14,515,000</b>
<b>Total Liabilities:</b>			<b>17,959,784</b>	<b>63,271</b>	<b>2,485,000</b>	<b>15,538,055</b>

## **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 2014 budget were as follows:

Fund Name	Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$7,634,460	\$7,338,427	\$296,033

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 separation or retirement employees do receive payment for 50% of unused sick leave up to 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, 2014 was \$301,743 and \$513,868 respectively. The total compensated leave liability for union employees increased by \$14,115 from the 2013 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 separation or retirement employees receive payment for 50% of unused sick leave up to 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, 2014 was \$111,245 and \$96,199 respectively. The total compensated leave liability for non-union employees increased by \$49,156 from the 2013 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 2014.

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**

\$6,877,595 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 \$74,551 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 \$115,688 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).

**Capital Project Fund**

The Capital Project Fund was established to fund the headquarters fire station project. The project was completed in 2014 and the fund was closed at the end of the year with all remaining funds transferred to the General Fund.

**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 \$379,556.

**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, by type at December 31, 2014, as follows:

<b><u>Type of Investment</u></b>	<b><u>District’s own investments</u></b>	<b><u>Investments held by District as an agent for other local governments, individuals, or private organizations</u></b>	<b><u>Total</u></b>
<b><u>Federal Agencies</u></b>	\$5,020,037	\$153,732	\$5,173,769
<b><u>U.S. Treasury</u></b>	\$3,905,724	\$119,607	\$4,025,332

<b><u>LGIP</u></b>	\$1,181,847	\$36,192	\$1,218,040
<b><u>Cash &amp; Equivalents</u></b>	\$112,557	\$38,313	\$150,870
<b><u>Agency Mortgages</u></b>	\$22,511	\$689	\$23,201
<b><u>Repurchase Agreements</u></b>	\$303,904	\$9,307	\$313,210
<b><u>Commercial Paper</u></b>	\$348,926	\$10,685	\$359,612
<b><u>Corporate Bank Notes</u></b>	\$360,182	\$11,030	\$371,212
<b><u>Total</u></b>	\$11,255,689.00	\$379,556	\$11,635,245

### **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, 2014.

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

#### General Obligation Debt Schedule

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	580000	566188	1,146,188
2016	645000	551,688	1,196,689
2017	715000	532,338	1,247,339
2018	790000	510,888	1,300,889
2019	875000	479,288	1,354,289
2020 - 2028	10,910,000	2,208,134	14,303,117
Totals	\$14,515,000	\$4,848,524	\$19,363,524

### **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 2014 was \$.97078 per \$1,000 on an assessed valuation of \$4,909,399,732 for a total regular levy of \$4,765,499.



In 2014 the District also levied \$.2413 per \$1,000 for general obligation bond debt service requirements for a total additional levy of \$ 1,185,000.

In 2014, the District also assessed a benefit charge of \$2,500,000.

#### **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

#### **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. 7 retirees received benefits during the year and \$102,833.61 was paid out for those benefits during the year.

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 would be retained by the District. The agreement stipulated the 2014 benefit charge collection would be retained by the District.

On April 2, 2014, the District received an adverse arbitration ruling related to a dispute with the contractor who constructed the headquarters fire station. The contractor was awarded \$1.3M for damages, compensable delays, attorney fees and interest. Monies were transferred from the General Fund to the Capital Fund to pay the award and other outstanding costs to complete the headquarters fire station project.

On May 29, 2014, the District sold its former headquarters fire station which is located at 18030 73rd Ave NE Kenmore, WA. The sale price for the land and improvements was \$1,945,000. The net proceeds from the sale after commissions and other costs totaled \$1,854,442.

On December 1, 2014, the District called for the early redemption of \$1,960,000.00 of GO Bonds that were due to mature in 2028. The proceeds from the sale of the former headquarters fire station and \$78,530 from the General Fund were used to fund the early redemption.