

King County Fire Protection District No. 16
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 General	100 Donation	200 G O Bond
Beginning Cash and Investments					
30810	Reserved	7,357,821	7,171,579	70,981	115,261
30880	Unreserved	5,359,359	5,359,359	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	6,550,683	5,252,748	-	1,297,934
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	544,629	544,628	-	1
340	Charges for Goods and Services	2,806,817	2,806,817	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	269,990	259,986	1,255	8,749
Total Revenues:		10,172,118	8,864,179	1,255	1,306,684
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	8,419,039	8,418,555	21	463
Total Expenditures:		8,419,039	8,418,555	21	463
Excess (Deficiency) Revenues over Expenditures:		1,753,080	445,624	1,234	1,306,221
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	426,646	426,516	130	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	8,317	8,317	-	-
Total Other Increases in Fund Resources:		434,963	434,833	130	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	209,201	201,746	7,455	-
591-593, 599	Debt Service	1,300,889	-	-	1,300,889
597	Transfers-Out	426,646	426,646	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	5,787	4,580	-	1,207
Total Other Decreases in Fund Resources:		1,942,522	632,972	7,455	1,302,096
Increase (Decrease) in Cash and Investments:		245,521	247,485	(6,091)	4,125
Ending Cash and Investments					
5081000	Reserved	7,554,867	7,370,590	64,890	119,387
5088000	Unreserved	5,407,833	5,407,833	-	-
Total Ending Cash and Investments		12,962,700	12,778,423	64,890	119,387

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 16
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	GO Bonds	12/1/2027	12,575,000	-	790,000	11,785,000
	Total General Obligation Debt/Liabilities:		12,575,000	-	790,000	11,785,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,042,741	21,342	-	1,064,083
264.30	Net Pension Liability		213,285	-	55,834	157,451
	Total Revenue and Other (non G.O.) Debt/Liabilities:		1,256,026	21,342	55,834	1,221,534
	Total Liabilities:		13,831,026	21,342	845,834	13,006,534

**NORTHSHORE FIRE DEPARTMENT
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDING: DECEMBER 31, 2018**

MCAG #: 2512

Schedule 15

Grantor/Program Title	ID #	Amount	Footnote Ref
Washington State Dept of Health			
Dept Of Health EMS Grant	2018-01	1,222.00	
Total Washington State Dept of Health:		<u>1,222.00</u>	
Total State Assistance:		<u>1,222.00</u>	

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.

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. 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 3

D. Capital Assets

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

E. 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, 2018 was \$559,553.45 and \$328,092.52 respectively. The total compensated leave liability for union employees increased by \$20,590.21 from the 2017 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, 2018 was \$79,089.92 and \$97,347.22 respectively. The total compensated leave liability for non-union employees increased by \$752.03 from the 2017 calculated liability.

The total liability for compensated absences was \$1,064,083.11 that represents an increase of \$21,342.24 over the prior year's liability.

F. Long-Term Debt

See note 5

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 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.

General Fund

\$7,370,590 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 \$64,890 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 \$119,387 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 5).

H. Other Financing Sources or Uses

The District did not have any other financing sources or uses in 2018.

NOTE 2 – BUDGET COMPLIANCE

A. Budget

The District adopts annual appropriated budgets for the general and reserve funds. 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 2018 budget were as follows:

Fund Name	Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$8,644,995	\$8,357,624	\$287,371
Reserve Fund	\$588,000	\$262,677	\$325,323
Totals	\$9,232,995	\$8,620,301	\$612,694

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.

NOTE 3 – 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, 2018, 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>U.S. Treasury</u>	\$4,985,454	\$0	\$4,985,454
<u>Supranational Agencies</u>	\$2,189,400	\$0	\$2,189,400
<u>Corporate Bank Notes</u>	\$1,845,888	\$0	\$1,845,888
<u>Federal Agency</u>	\$1,253,493	\$0	\$1,253,493
<u>Washington State LGIP</u>	\$1,022,757	\$0	\$1,022,757
<u>Repurchase Agreements</u>	\$635,172	\$0	\$635,172
<u>Commercial Paper</u>	\$999,424	\$0	\$999,424
<u>Cash and Equivalents</u>	\$24,629	\$0	\$24,629
<u>Agency Mortgages</u>	\$6,482	\$0	\$6,481
<u>Total</u>	\$12,962,700	\$0	\$12,962,700

As of December 31, 2018 the district did not have any funds invested as an agent for other local governments, individuals, or private organizations.

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 2018 was \$0.73356 per \$1,000 on an assessed valuation of \$7,161,521,894 for a total regular levy of \$5,253,426.

In 2018, the District also levied \$0.18153 per \$1,000 for general obligation bond debt service requirements for a total additional levy of \$1,300,000.

In 2018, the District also assessed a benefit charge of \$2,800,000 which is identified in this report as a charge for goods and services in BARS revenue account number 340.

NOTE 5 – 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, 2018.

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

General Obligation Debt Schedule

Year	Principal	Interest	Total
2019	\$875,000	\$479,288	\$1,354,288
2020	\$970,000	\$442,102	\$1,412,102
2021	\$1,070,000	\$403,302	\$1,473,302
2022	\$1,175,000	\$360,502	\$1,535,502
2023	\$1,285,000	\$313,502	\$1,598,502
2024- 2027	\$6,410,000	\$688,726	\$7,098,726
Totals	\$11,785,000	\$2,687,422	\$14,472,422

NOTE 6 - 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.

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
 PO Box 48380
 Olympia WA 98540-8380

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

At June 30, 2018, the District’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	EMPLOYER CONTRIBUTIONS	ALLOCATION %	NET PENSION LIABILITY
PERS 1 UAAL	\$ 15,783	.002361%	\$ 105,443
PERS 2 AND 3	\$ 23,502	.003046%	\$ 52,008
TOTAL LIABILITIES			\$ 157,451

	EMPLOYER CONTRIBUTIONS	ALLOCATION %	NET PENSION ASSETS
LEOFF 1		.016874%	(\$ 306,348)
LEOFF 2	\$ 269,775.96	.155572%	(\$ 3,158,451)
TOTAL ASSETS			(\$ 3,464,799)

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

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 MacIvvennie Associates, Inc.

VFIS
183 Leader Heights Road
York, PA 17402

MacIvennie Associates, Inc.
P.O. Box 8629
Covington, WA 98042

NOTE 8 - OTHER DISCLOSURES

LEOFF 1 LIABILITY

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. Six retirees received benefits during the year. The total paid out was \$45,296.07 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 2018, Northshore Fire Department's share of these fees was \$189,390. Additional financial information may be obtained from NORCOM, c/o J.R. Lieuallen, Finance Manager, P.O. Box 50911, Bellevue, WA 98015-0911.