

King County Fire Protection District No. 27
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		<u>Total for All Funds (Memo Only)</u>	<u>001 General</u>	<u>201 Debt Svc</u>
Beginning Cash and Investments				
30810	Reserved	10,426	-	10,426
30880	Unreserved	1,295,377	1,295,377	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	2,151,857	1,989,000	162,857
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	108,700	108,627	73
340	Charges for Goods and Services	38,462	38,462	-
350	Fines and Penalties	1,600	1,600	-
360	Miscellaneous Revenues	21,704	20,957	747
Total Revenues:		<u>2,322,322</u>	<u>2,158,645</u>	<u>163,677</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	1,851,874	1,851,574	300
Total Expenditures:		<u>1,851,874</u>	<u>1,851,574</u>	<u>300</u>
Excess (Deficiency) Revenues over Expenditures:		470,448	307,071	163,377
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	3,068	3,068	-
Total Other Increases in Fund Resources:		<u>3,068</u>	<u>3,068</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	49,513	49,513	-
591-593, 599	Debt Service	227,329	59,579	167,750
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
Total Other Decreases in Fund Resources:		<u>276,841</u>	<u>109,091</u>	<u>167,750</u>
Increase (Decrease) in Cash and Investments:		196,675	201,048	(4,373)
Ending Cash and Investments				
5081000	Reserved	6,054	-	6,054
5088000	Unreserved	1,496,424	1,496,424	-
Total Ending Cash and Investments		1,502,477	1,496,424	6,054

The accompanying notes are an integral part of this statement.

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

King County Fire Protection District No. 27 is a special purpose local government that provides fire protection, and emergency services to the general public and is supported primarily through property taxes. The District was incorporated on May 27, 1946 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 District 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 District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District:

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.

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.

C. Budgets

The District adopts annual appropriated budgets for its general fund and debt service 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 are as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,129,090	\$2,133,116	(\$4,026)
Debt Service Fund	\$163,000	\$168,050	(\$5,050)

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2017

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 legislative body.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

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 and inventory of the District are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 160 hours for administrative personnel and 240 hours for uniformed bargaining units and is payable upon separation or retirement. Sick leave may accumulate up to 530 hours for administrative personnel. Upon separation or retirement administrative employees do not receive payment for unused sick leave. Sick leave may accumulate up to 720 hours for uniformed bargaining units and sick leave in excess of 720 hours is paid to the employee at 25% of base pay at year end. Upon separation or retirement uniformed bargaining unit employees do not receive payment for unused sick leave below 720 hours accumulated. Payments are recognized as expenditures when paid.

G. Long Term Debt

See Note 4, *Debt Service Requirements*.

G. 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, and 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.

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 resolution. When expenditures that meet restrictions are incurred, the Fire District intends to use reserved resources first before using unreserved amounts. Fund balance commitments are established, modified or rescinded by resolution of the Board of Commissioners.

Debt Service Fund

The reserved funds in the Debt Service account are restricted, committed, and assigned to expenditures for principal, interest and related costs for the District's General Obligations Bonds.

Note 2 - 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2017

The District's regular levy rate for the year 2017 was \$1.41 per \$1,000 on an assessed valuation of \$1,080,062,904 for a total regular levy of \$ 1,517,713.

The District's excess levy rate for the year 2017 was \$0.44 per \$1,000 on an assessed valuation of \$1,072,384,554 for a total excess levy of \$475,000 for its Maintenance and Operations. This four-year excess levy was approved for up to \$475,000 per year by the voters in November 2016 and is for years 2017, 2018, 2019 and 2020.

The District's General Obligations Bond levy rate for the year 2017 was \$ 0.08 per \$1,000 on an assessed valuation of \$2,071,218,511 for a total levy of \$163,000.

Note 3 – Deposits and Investments

It is the District's policy to invest all temporary cash surpluses. The District's investments are held by King County Treasury as its agent in the District's name. The King County Investment Pool invests cash reserves for all County agencies and more than 100 special purpose districts and other public entities such as school, sewer and water districts, and other public authorities. The interest on these investments is credited directly to the various funds by King County Treasury and identified as such in the financial statements.

The Executive Finance Committee establishes King County's investment policy and oversees the portfolio to ensure that specific holdings comply with both the investment policy and State law.

The District's deposits (and certificates of deposit) are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

Investments are reported at fair value. Investments as of December 31, 2017 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
King County Investment Pool:	\$1,501,738

Note 4 - Debt Service Requirements

The accompanying Schedule of Liabilities 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 the District's General Obligation Bonds and COP LOCAL Loan which includes both principle and interest are as follows:

General Obligation Bonds

	Principal	Interest	Total
2018	\$150,000	\$14,750	\$164,750
2019	\$150,000	\$11,750	\$161,750
2020	\$160,000	\$8,000	\$168,000
2021	\$160,000	\$4,000	\$164,000
TOTAL	\$620,000	\$38,500	\$658,500

King County Fire Protection District No. 27

Notes to the Financial Statements – For the Year Ended December 31, 2017

COP LOCAL Loan

	Principal	Interest	Total
2018	\$52,593	\$6,986	\$59,579
2019	\$55,290	\$4,289	\$59,579
2020	\$58,126	\$1,453	\$59,579
TOTAL	\$166,009	\$12,728	\$178,737

Note 5 - Pension Plans

The District's full-time employees participate in the Public Employees' Retirement System (PERS) plan 2 or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan 2 which are 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 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.

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 98504-8380.

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.

As of June 30, 2017 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	.0005030%	23,868
PERS 2/3	.0006470%	22,480
LEOFF 2	.035865%	(497,690)
VFFRPF	.196243%	(72,806)

King County Fire Protection District No. 27
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						
251.12	GO Bonds - Voted	12/1/2021	770,000	-	150,000	620,000
263.96	COP Loan	6/1/2020	216,036	-	50,028	166,008
Total General Obligation Debt/Liabilities:			986,036	-	200,028	786,008
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		51,040	907	-	51,947
264.30	Pension Liability		60,992	-	14,644	46,348
Total Revenue and Other (non G.O.) Debt/Liabilities:			112,032	907	14,644	98,295
Total Liabilities:			1,098,068	907	214,672	884,303

King County Fire Protection District No. 27
Statement of Assessed Valuations, Tax Levy Rates, Taxes Collected
For the Period Ending December 31, 2017

Assessed Valuation for Regular Tax Levy

<u>Tax Collection Year</u>	<u>Amount</u>	<u>Tax Levy Rate</u>
2017	1,080,062,904	\$ 1.4052

Assessed Valuation for Maintenance & Operations Excess Levy

<u>Tax Collection Year</u>	<u>Amount</u>	<u>Tax Levy Rate</u>
2017	1,072,384,554	\$ 0.44294

Assessed Valuation for GO Bond Excess Levy

<u>Tax Collection Year</u>	<u>Amount</u>	<u>Tax Levy Rate</u>
2017	2,071,218,511	\$ 0.07870

Regular Tax Levy Collection Record

Collection		<u>As of December 31, 2017</u>	
<u>Year</u>	<u>Taxes Levied</u>	<u>Amount</u>	<u>Percent</u>
2017	1,517,713	1,487,227	97.99%

Maintenance & Operations Excess Tax Levy Collection Record

Collection		<u>As of December 31, 2017</u>	
<u>Year</u>	<u>Taxes Levied</u>	<u>Amount</u>	<u>Percent</u>
2017	475,000	465,042	97.90%

GO Bond Excess Tax Levy Collection Record

Collection		<u>As of December 31, 2017</u>	
<u>Year</u>	<u>Taxes Levied</u>	<u>Amount</u>	<u>Percent</u>
2017	163,000	160,857	98.69%

- 1) Assessed values - Source: King County Department of Assessments
- 2) Tax levy collection - Source: King County Finance and Business Operations Division