

ANNUAL REPORT CERTIFICATION

King County Fire District 34

2524

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended December 31, 2012

GOVERNMENT INFORMATION:

Official Mailing Address 8450 161st Ave NE, Redmond, WA 98052 _____

Official Website Address www.kcfd34.org _____

Official E-mail Address b.weaver@kcfd34.org _____

Official Phone Number 425.556.2226 _____

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title Fred Shanafelt, Commissioner _____

Contact Phone Number 425.556.2226 _____

Contact E-mail Address f.shanafelt@kcfd34.org; b.weaver@kcfd34.org _____

I do hereby certify on the 28th day of May, 2013, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification.

Moreover, I acknowledge and understand that management and the governing body are responsible for:

- The design and implementation of policies and procedures to safeguard public resources and to ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
- Compliance with applicable state and local laws and regulations.
- Immediately submitting corrected annual report information if any error in submitted information is subsequently identified.

Preparer Signature: _____

MCAG	Fund Number	Fund Name	BARS Account	Description	Amount
2524	001	Operating	3088000	Beg Fund Bal-Unreserved	1,770,789
2524	001	Operating	3111000	Property Taxes	6,193,307
2524	001	Operating	3116000	Deferred Property Taxes	132,934
2524	001	Operating	3121000	Forest Excise Tax	200
2524	001	Operating	3172000	Leasehold Excise Tax	1,740
2524	001	Operating	3422100	Fire Protection Services	3,347
2524	001	Operating	3611100	Investment Interest	16,168
2524	001	Operating	3611900	Investment Service Fees	(413)
2524	001	Operating	3613100	Realized Gains/(Losses)	866
2524	001	Operating	3694000	Judgements or Settlement	757
2524	002	Reserve	3088000	Beg Fund Bal-Unreserved	1,115,478
2524	002	Reserve	3611100	Investment Interest	6,284
2524	002	Reserve	3611900	Investment Service Fees	(308)
2524	002	Reserve	3613100	Realized Gains/(Losses)	2,100
2524	002	Reserve	3694000	Judgements or Settlement	18,885
2524	200	GO Bond	3081000	Beg Fund Bal-Reserved	5,424
2524	200	GO Bond	3111000	Property Taxes	1
2524	200	GO Bond	3116000	Deferred Property Taxes	45
2524	200	GO Bond	3611100	Investment Interest	29
2524	200	GO Bond	3611900	Investment Service Fees	(1)
2524	200	GO Bond	3613100	Realized Gains/(Losses)	992
2524	200	GO Bond	3694000	Judgements or Settlement	936
2524	300	Capital Projects	3081000	Beg Fund Bal-Reserved	2,844,987
2524	300	Capital Projects	3611100	Investment Interest	16,144
2524	300	Capital Projects	3611900	Investment Service Fees	(743)
2524	300	Capital Projects	3613100	Realized Gains/(Losses)	737
2524	300	Capital Projects	3694000	Judgements or Settlement	1,807
2524	300	Capital Projects	3970000	Transfers-In	1,507,427
2524	001	Operating	5111010	Legislative-Admin-Salaries & Wages	11,752
2524	001	Operating	5111030	Legislative-Administration-Supplies	141
2524	001	Operating	5111040	Legislative-Administration-Services	3,738
2524	001	Operating	5111043	Legislative-Administration-Travel	357
2524	001	Operating	5116041	Legislative-Legis. Services-Prof. Services	18,775
2524	001	Operating	5116042	Legislative-Legis. Services-Communications	18,876
2524	001	Operating	5116049	Legislative-Legislative Services-Misc.	604
2524	001	Operating	5117040	Legislative-Election Costs	12,898
2524	001	Operating	5141010	Fin & Rec Svcs-Admin-Salaries & Wages	103,699
2524	001	Operating	5141020	Fin & Rec Svcs-Admin-Personnel Benefits	43,786
2524	001	Operating	5141030	Fin & Rec Svcs-Admin-Supplies	894
2524	001	Operating	5141040	Fin & Rec Svcs-Admin-Services	826
2524	001	Operating	5141043	Fin & Rec Svcs-Admin-Travel	1,111
2524	001	Operating	5141046	Fin & Rec Svcs-Admin-Insurance	1,884
2524	001	Operating	5141090	Fin & Rec Svcs-Admin-Reconciliation Discrepancies	(0)
2524	001	Operating	5199040	Other Services-Misc	4,877
2524	001	Operating	5223030	Public Safety-Fire Control-Fire Prev Supplies	1,160
2524	001	Operating	5223040	Public Safety-Fire Control-Fire Prev Services	1,024
2524	001	Operating	5266050	Intergovernmental payments	5,676,016
2524	200	GO Bond	5970000	Transfers-Out	7,427
2524	002	Reserve	5970000	Transfers-Out	1,500,000
2524	001	Operating	5088000	End Fund Bal-Unreserved	717,276
2524	200	GO Bond	5081000	End Fund Bal-Reserved	0
2524	300	Capital Projects	5081000	End Fund Bal-Reserved	4,370,359
2524	002	Reserve	5088000	End Fund Bal-Unreserved	1,142,439

King County Fire Protection District No. 34

Schedule 01

For the year ended December 31, 2012

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2524	001	Operating	3088000	Beg Fund Bal- Unreserved	\$1,770,789
2524	001	Operating	3111000	Real & Personal Property Taxes	\$6,193,307
2524	001	Operating	3116000	Deferred Property Taxes	\$132,934
2524	001	Operating	3121000	Forest Excise Tax	\$200
2524	001	Operating	3172000	Leasehold Excise Tax	\$1,740
2524	001	Operating	3422100	Fire Protection Svcs	\$3,347
2524	001	Operating	3611100	Investment Interest	\$16,168
2524	001	Operating	3611900	Investment Interest	(\$413)
2524	001	Operating	3613100	Gains (Losses) On Investments	\$866
2524	001	Operating	3694000	Judgments & Settlements	\$757
2524	002	Reserve	3088000	Beg Fund Bal- Unreserved	\$1,115,478
2524	002	Reserve	3611100	Investment Interest	\$6,284
2524	002	Reserve	3611900	Investment Interest	(\$308)
2524	002	Reserve	3613100	Gains (Losses) On Investments	\$2,100
2524	002	Reserve	3694000	Judgments & Settlements	\$18,885
2524	200	GO Bond	3081000	Beg Fund Bal-Reserved	\$5,424
2524	200	GO Bond	3111000	Real & Personal Property Taxes	\$1
2524	200	GO Bond	3116000	Deferred Property Taxes	\$45
2524	200	GO Bond	3611100	Investment Interest	\$29
2524	200	GO Bond	3611900	Investment Interest	(\$1)
2524	200	GO Bond	3613100	Gains (Losses) On Investments	\$992
2524	200	GO Bond	3694000	Judgments & Settlements	\$936
2524	300	Capital Projects	3081000	Beg Fund Bal-Reserved	\$2,844,987
2524	300	Capital Projects	3611100	Investment Interest	\$16,144

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2524	300	Capital Projects	3611900	Investment Interest	(\$743)
2524	300	Capital Projects	3613100	Gains (Losses) On Investments	\$737
2524	300	Capital Projects	3694000	Judgments & Settlements	\$1,807
2524	300	Capital Projects	3970000	Transfers-In	\$1,507,427
2524	001	Operating	5111010	Legislative-Administration	\$11,752
2524	001	Operating	5111030	Legislative-Administration	\$141
2524	001	Operating	5111040	Legislative-Administration	\$3,738
2524	001	Operating	5111040	Legislative-Administration	\$357
2524	001	Operating	5116040	Legislative Services	\$18,775
2524	001	Operating	5116040	Legislative Services	\$18,876
2524	001	Operating	5116040	Legislative Services	\$604
2524	001	Operating	5117040	Election Costs	\$12,898
2524	001	Operating	5141010	Finance/Records-Administration	\$103,699
2524	001	Operating	5141020	Finance/Records-Administration	\$43,786
2524	001	Operating	5141030	Finance/Records-Administration	\$894
2524	001	Operating	5141040	Finance/Records-Administration	\$826
2524	001	Operating	5141040	Finance/Records-Administration	\$1,111
2524	001	Operating	5141040	Finance/Records-Administration	\$1,884
2524	001	Operating	5141090	Finance/Records-Administration	\$0
2524	001	Operating	5199040	Miscellaneous General Govt	\$4,877
2524	001	Operating	5223030	Fire Prevent & Investigations	\$1,160
2524	001	Operating	5223040	Fire Prevent & Investigations	\$1,024
2524	001	Operating	5266050	Operations-Contract Services	\$5,676,016
2524	200	GO Bond	5970000	Transfers-Out	\$7,427

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2524	002	Reserve	5970000	Transfers-Out	\$1,500,000
2524	001	Operating	5088000	End Fund Balance- Unreserved	\$717,276
2524	200	GO Bond	5081000	End Fund Bal-Reserved	\$0
2524	300	Capital Projects	5081000	End Fund Bal-Reserved	\$4,370,359
2524	002	Reserve	5088000	End Fund Balance- Unreserved	\$1,142,439

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	001 Operating	002 Reserve	200 GO Bond
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	2,850,411	0	0	5,424
30880	Beg Fund Bal-Unreserved	2,886,267	1,770,789	1,115,478	0
38880/58880	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	6,328,226	6,328,180	0	46
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	3,347	3,347	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	64,241	17,378	26,961	1,956
Total Operating Revenues:		6,395,814	6,348,905	26,961	2,002
Operating Expenditures					
510	General Government	224,218	224,218	0	0
520	Public Safety	5,678,200	5,678,200	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		5,902,418	5,902,418	0	0
Net Operating Increase (Decrease):		493,396	446,487	26,961	2,002
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	1,507,427	0	0	0
Total Nonoperating Revenues:		1,507,427	0	0	0
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	1,507,427	0	1,500,000	7,427
Total Nonoperating Expenditures:		1,507,427	0	1,500,000	7,427
Increase (Decrease) in Cash and Investments		493,396	446,487	-1,473,039	-5,425
Ending Cash and Investments					
50810	End Fund Bal-Reserved	4,370,359	0	0	0
50880	End Fund Balance-Unreserved	1,859,715	717,276	1,142,439	0

BARS Code		300 Capital Projects
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	2,844,987
30880	Beg Fund Bal-Unreserved	0
38880/58880	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	0
320	Licenses & Permits	0
330	Intergovernmental Revenues	0
340	Charges for Goods and Services	0
350	Fines & Penalties	0
360	Miscellaneous Revenues	17,946
Total Operating Revenues:		17,946
Operating Expenditures		
510	General Government	0
520	Public Safety	0
598	Intergovernmental Payments	0
Total Operating Expenditures:		0
Net Operating Increase (Decrease):		17,946
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	0
391-393	Debt Proceeds	0
397	Transfers-In	1,507,427
Total Nonoperating Revenues:		1,507,427
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	0
591-593	Debt Service	0
594-595	Capital Expenditures	0
597	Transfers-Out	0
Total Nonoperating Expenditures:		0
Increase (Decrease) in Cash and Investments		1,525,373
Ending Cash and Investments		
50810	End Fund Bal-Reserved	4,370,359
50880	End Fund Balance-Unreserved	0

The accompanying notes are an integral part of this Statement.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The King County Fire District 34 reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This 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.

The King County Fire District 34 was incorporated on January 12, 1948 and operates under the laws of the state of Washington applicable to a Fire District. The King County Fire District 34 is a general purpose government and provides fire suppression and fire prevention services. The King County Fire District 34 uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the King County Fire District 34 are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The King County Fire District 34 resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the King County Fire District 34:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the King County Fire District 34. 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 King County Fire District 34.

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

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, including those properly chargeable against the report

year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The King County Fire District 34 adopts annual appropriated budgets for four 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 budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Operating	\$5,941,750	\$5,902,418	\$39,332
Reserve	\$0	\$0	\$0
Total General Fund	\$5,941,750	\$5,902,418	\$39,332
..... GO Fund	\$0	\$0	\$0
..... Capital Proj Fund	\$2,500	\$0	\$2,500
..... Fund	\$	\$	\$

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes 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 King County Fire District 34 legislative body.

D. Cash

It is the King County Fire District 34's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. Deposits

The King County Fire District 34 deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 2, Investments.

G. Capital Assets

Capital assets are assets with an initial individual cost of more than \$9,999 and an estimated

useful life in excess of 1 year. The capital assets of the King County Fire District 34 are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 360 hours (45 days) and is payable upon separation or retirement. As of December 31, 2012, the total vacation liability is 235 hours.

Sick leave may be accumulated up to a maximum of 960 hours. Upon retirement employees receive payment for 25% of unused sick leave. Upon separation, employees do not receive payment for unused sick leave. As of December 31, 2012, the total sick pay liability is 32 hours.

As a bonus for consistent attendance, the District’s employees are entitled to a credit equal to 25% of unused sick leave accrued during the preceding 12 months. At the employee’s option, the credit may be added to the employee’s vacation leave or paid to the employee at their regular rate of pay.

Note 2 - Investments

The King County Fire Protection District 34’s investments are held by the King County Treasurer or its agent in the King County Fire Protection District 34’s name.

Investments are presented at market value.

Investments by type at December 31, 2012 are as follows:

<u>Type of Investment</u>	<u>King Country Fire</u> District 34’s investments	Investments held by city/ county/ district as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$1,059,113	\$ _____	\$ _____
U.S. Government Securities	\$2,678,932	_____	_____
Other: _____	\$ 24,920	_____	_____
Treasure Securities	\$2,242,827	_____	_____
Repurchase Agreements	\$ 224,282	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total	\$6,230,074	\$ _____	\$ _____

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 King County Fire Protection District 34. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The King County Fire Protection District 34's regular levy for the year 2012 was \$1.50 per \$1,000 on an assessed valuation of \$4,210,304,043 for a total regular levy of \$6,315,456.

Note 4 – Debt Service Requirements

King County Fire District #34 had no debt during or at the end of the year ending December 31, 2012.

Note 5 - Pension Plans

Substantially all King County Fire Protection District 34's full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the King County Fire Protection District 34's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

In addition, the King County Fire District #34 employees participate in the Washington State Department of Retirement Systems Deferred Compensation Program (DCP). The District matches \$0.80 for \$1.00 contributed by the employee (up to 6.2% of salary).

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

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

Note 6 - Other Disclosures

King County Fire District #34 has an operating agreement with the City of Redmond, whereby the city provides fire prevention, suppression and medical aid services to all properties and persons within the boundaries of the District. The city also furnishes all personnel required to perform the services described above, except one full-time Administrative Assistant and one part-time District Secretary. In return, the District pays the city for said services based upon a percentage of cost determined by a combination of factors, including location of stations and calls for service. This agreement expires at the end of 2016.