

ANNUAL REPORT

KING COUNTY FIRE PROTECTION DISTRICT 34

MCAG No. 2524

Submitted pursuant to RCW 43.09.230

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

| | |
|-------------------|----------------------|
| PREPARED BY: | Thomas C. Johnston |
| Email: | t.johnston@kcf34.org |
| TELEPHONE NUMBER: | (425) 556-2226 |
| FAX NUMBER: | (425) 556-2227 |

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KING COUNTY FIRE DISTRICT 34
Statement of Resources and Uses Arising From Cash Transactions
For the year ending December 31, 2009

Resources and Uses Arising from Cash Transactions
 For the year ended December 31, 2009

| BARS Code | Description | Total for All Funds | Expense Fund 001001000 | Reserve Fund 001002000 | G.O. Bond Fund 200001000 | Capital Reserve Acct. 300001000 |
|------------------------------------------------|----------------------------------------|---------------------|------------------------|------------------------|--------------------------|---------------------------------|
| 308 | Beginning Net Cash and Investment | 2,649,140 | 656,931 | 169,437 | 1,316 | 1,821,456 |
| Revenues and Other Sources | | | | | | |
| 310 | Taxes | 6,824,548 | 6,822,165 | | 2,382 | |
| 320 | Licenses & Permits | 0 | | | | |
| 330 | Intergovernmental Revenues | 0 | | | | |
| 340 | Charges for Goods & Services | 0 | | | | |
| 350 | Fines & Forfeits | 0 | | | | |
| 360 | Miscellaneous Revenues | 207,205 | 167,240 | 5,283 | 271 | 34,411 |
| 390 | Other Financing Sources | 0 | 0 | 0 | 0 | 0 |
| Total Revenues and Other Sources | | 7,031,752 | 6,989,405 | 5,283 | 2,653 | 34,411 |
| Total Resources | | 9,680,892 | 7,646,336 | 174,719 | 3,969 | 1,855,867 |
| Expenditures and Other Uses | | | | | | |
| 510 | General Government Services | 166,303 | 166,303 | | | |
| 520 | Public Safety | 3,463 | 3,463 | | | |
| Total Operating Expenditures | | 169,766 | 169,766 | 0 | 0 | 0 |
| 588 | Other | (3,410) | (3,410) | | | |
| 591-593 | Debt Service | 0 | | | | |
| 594 | Capital Expenditures | 82,397 | | | | 82,397 |
| 598 | Other Expenditures | 6,406,216 | 6,406,216 | | | |
| Total Expenditures | | 6,654,970 | 6,572,573 | 0 | 0 | 82,397 |
| 597,599 | Other Financing Uses | 0 | | | | |
| Total Expenditures & Other Uses | | 6,654,970 | 6,572,573 | 0 | 0 | 82,397 |
| Excess (Deficit) of Resources Over Uses | | 3,025,922 | 1,073,763 | 174,719 | 3,969 | 1,773,470 |
| 380 | Nonrevenues | | | | | |
| 580 | Nonexpenditures | | | | | |
| 508 | Ending Net Cash and Investments | 3,025,922 | 1,073,763 | 174,719 | 3,969 | 1,773,470 |

The accompanying notes are an integral part of this statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

King County Fire District 34 is a special purpose government that provides fire protection services and emergency medical assistance to the general public and is supported primarily through property taxes. The District was incorporated on January 12, 1948 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts.

a. Fund Accounting

The accounts of the District 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 District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

GOVERNMENTAL FUND TYPES:

General (Current Expense) 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.

General Obligation Bond Funds

These funds account for the accumulation of resources to pay principal, interest, and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

Reserve Funds

These funds account for the accumulation of resources for large expenditures such as major station repairs/upgrades and new apparatus.

b. Basis of Accounting

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the *Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington*.

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. The District implemented a new accounting system during 2009 which accounts for payroll items differently than they were in the past. The new system recognizes payroll liabilities as expenses when a paycheck is produced, rather than when the payroll liability is actually paid. For this reason, payroll items such as Federal Withholding, Social Security, and Medicare for the 4th quarter are recognized as 2009 expenses, but are actually paid in the 1st quarter of 2010. There is an adjustment of \$ 3,409.57 shown in BARS line item 588.90 for the expense fund that reconciles this expense. This adjustment represents the amount of expenses that the accounting software has recognized for 2009 that were paid in 2010. Showing this adjustment is necessary to show a balanced accounting with the King County Comptroller reports.

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.

c. Cash

The accompanying notes are an integral part of this statement

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 net cash and investments.

d. Deposits

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

e. Capital Assets

Capital assets are long-lived assets of the District and are recorded as capital expenditures when purchased.

f. Compensated Absences

The district's full-time employee may accumulate up to 45 days of vacation leave, and it is payable upon separation or retirement.

The district's full-time employee earns eight hours of sick leave per month that may be accumulated indefinitely. Upon separation or retirement, employees do not receive payment for unused sick leave.

As a bonus for consistent attendance, the full-time district employee is 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.

g. Other Financing Sources or Uses

h. Risk Management

The district individually purchases commercial insurance policies covering property, errors and omissions, and liability. Premiums are paid from the general fund.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of the month that they are received.

Property Tax Calendar

| | |
|-------------|--------------------------------------------------------------------------------------|
| January 1 | Taxes are levied and become enforceable lien against properties. |
| February 14 | Tax bills are mailed. |
| April 30 | First of two equal installment payments due. |
| May 31 | Assessed value of property established for next year's levy at 100% of market value. |
| October 31 | Second installment due. |

Property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer in January. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

For 2009, the district could levy up to \$1.50 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

KING COUNTY FIRE DISTRICT 34
Notes on Financial Statements
For the year ending December 31, 2009

Washington State law RCW 84.55.010 limited the growth of regular property taxes to one percent per year, after adjustments for new construction. If the assessed valuation increased by more than one percent due to revaluation, the levy rate would be decreased.

Further, the Washington State Constitution limits regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.

The district's regular levy for 2009 was \$1.50 per \$1000 on an assessed valuation of \$4,659,427,696 for a total levy of \$6,969,245. There were no additional levies for bonds or benefit charges.

NOTE 4 – INVESTMENTS

King County Fire District 34's investments are held by the King County Investment Pool as its agent in the District's name.

NOTE 5 - LONG-TERM DEBT

The District does not have any long-term debt.

Other Long-Term Liabilities

The District has an operating agreement with the City of Redmond for the city to provide fire prevention, suppression, and medical aid services to the areas within the boundaries of the district. The city furnishes fire and emergency medical protection to all properties and persons within 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.

NOTE 6 - PENSION PLANS

Fire District 34's one full-time employee participates in PERS 2 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.

In addition, the District's two full-time employees participate in the Washington State Department of Retirement Systems Deferred Compensation Program (DCP). The District matches \$0.80 for each \$1.00 contributed by the employee (up to 6.2% of salary).

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

KING COUNTY FIRE DISTRICT 34
SCHEDULE 4 – Detail of Revenue and Other Sources - Expense Account
For the year ending December 31, 2009

Expense Account 001001000
DETAIL OF REVENUES AND OTHER SOURCES
For the Year Ending December 31, 2009

| Account Number | Description | Actual Amount |
|-----------------------------------|-------------------------------------------|------------------------|
| 308.00 | Beginning Net Cash and Investment | \$ 656,930.50 |
| Revenues and Other Sources | | |
| 311.10 | Property Taxes | \$ 6,709,109.99 |
| 311.60 | Deferred Property Taxes | \$ 112,531.55 |
| 312 | Timber Harvest Tax | \$ 29.55 |
| 317.20 | Leasehold Excise Tax | \$ 494.17 |
| 310.00 | TOTAL TAXES | \$ 6,822,165.26 |
| 361.11 | Investment Interest | \$ 42,481.03 |
| 361.19 | Investment Service Fees | \$ (2,232.85) |
| 361.32 | Unrealized Gain (Losses) from investments | \$ 1,157.47 |
| 360 | Other | \$ 125,834.58 |
| 360.00 | TOTAL MISCELLANEOUS REVENUES | \$ 167,240.23 |
| 310-360.00 | TOTAL REVENUES | \$ 6,989,405.49 |
| 397.00 | Transfers In | |
| 390.00 | TOTAL OTHER FINANCING SOURCES | \$ - |
| | | |
| | TOTAL | \$ 7,646,335.99 |
| | | |

KING COUNTY FIRE DISTRICT 34
SCHEDULE 4 – Detail of Revenues and Other Sources – Reserve Account
For the year ending December 31, 2009

Reserve Account 001002000
DETAIL OF REVENUES AND OTHER SOURCES
For the Year Ending December 31, 2009

| Account Number | Description | Actual Amount |
|-----------------------------------|-----------------------------------|----------------------|
| 308.00 | Beginning Net Cash and Investment | \$ 169,436.92 |
| Revenues and Other Sources | | |
| 361.11 | Investment Interest | \$ 3,207.15 |
| 361.19 | Investment Service Fees | \$ (157.43) |
| 361.32 | Unrealized Gains / (Losses) | \$ 2,232.78 |
| | | |
| 360 | TOTAL REVENUES | \$ 5,282.50 |
| 397.00 | Transfers in | \$ - |
| 390.00 | TOTAL - Other Financing Sources | \$ - |
| | TOTAL | \$ 174,719.42 |
| | | |

G.O. Bond Fund Account 200001000
DETAIL OF REVENUES AND OTHER SOURCES
For the Year Ending December 31, 2009

| Account Number | Description | Actual Amount |
|-----------------------------------|------------------------------------------|--------------------|
| 308.00 | Beginning Net Cash and Investment | \$ 1,316.43 |
| Revenues and Other Sources | | |
| 311.10 | Property Tax | \$ (320.38) |
| 311.60 | Deferred Property Taxes | \$ 2,702.75 |
| 310 | TOTAL TAXES | \$ 2,382.37 |
| 361.10 | Investment Income | \$ 46.86 |
| 361.19 | Investment Service Fees | \$ (2.27) |
| 361.32 | Unrealized Gain (Losses) on investments | \$ 226.05 |
| 360 | TOTAL MISCELLANEOUS INCOME | \$ 270.64 |
| 310-360.00 | TOTAL REVENUES | \$ 2,653.01 |
| 397.00 | Transfers In | \$ - |
| | TOTAL | \$ 3,969.44 |
| | | |

SCHEDULE 4 – Detail of Revenues and Other Sources – Capital Reserve Account

For the year ending December 31, 2009

Capital Reserve Account 300001000

DETAIL OF REVENUES AND OTHER SOURCES

For the Year Ending December 31, 2009

| Account Number | Description | Actual Amount |
|-----------------------------------|-----------------------------------------|------------------------|
| 308.00 | Beginning Net Cash and Investment | \$ 1,821,455.76 |
| Revenues and Other Sources | | |
| 361.11 | Investment Interest | \$ 33,846.35 |
| 361.19 | Investment Service Fees | \$ (1,661.08) |
| 361.32 | Unrealized Gain (Losses) on investments | \$ 2,225.97 |
| 361 | Subtotal - Interest Earnings | \$ 34,411.24 |
| | | |
| | | |
| 310-360.00 | TOTAL REVENUES | \$ 34,411.24 |
| 397.00 | Transfers In | |
| | TOTAL | \$ 1,855,867.00 |
| | | |

**SCHEDULE 5 – Detail of Expenditures and Other Uses - Expense Account
For the year ending December 31, 2009**

**Current Expense Account 001001000
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ending December 31, 2009**

| BARS Acct Number | Description | Actual Amount |
|-----------------------------|--------------------------------------------------------------------------|--------------------------|
| 511.10 | Administration | |
| 511.10.10 | Salaries & Wages | \$ 12,366.11 |
| 511.10.20 | Personnel Benefits | \$ 327.35 |
| 511.10.30 | Supplies | \$ 822.51 |
| 511.10.40 | Services | \$ 384.00 |
| 511.10.60 | Legislative Services | \$ 34,174.18 |
| 511.70.51 | Election Costs | |
| 511 | TOTAL LEGISLATIVE | \$ 48,074.15 |
| 514.10.10 | Administrative Salaries | \$ 82,433.91 |
| 514.10.20 | Personnel Benefits | \$ 29,974.79 |
| 514.10.30 | Supplies | \$ 1,929.28 |
| 514.10.40 | Services | \$ 429.26 |
| 514.23 | Budgeting & Auditing Services | \$ 127.80 |
| 514 | FINANCIAL & RECORDS SERVICES | \$ 114,895.04 |
| 519.90 | Miscellaneous | \$ 3,334.00 |
| 510 | TOTAL GENERAL GOVERNMENT SERVICES | \$ 166,303.19 |
| 522.30.30 | Fire Prevention - Supplies | \$ 1,419.58 |
| 525.40.40 | Emergency Services - Training | \$ 837.31 |
| 525.50.40 | Emergency Services - Facilities, Services | \$ 1,206.21 |
| 520 | PUBLIC SAFETY | \$ 3,463.10 |
| 588.90 | Other (See attached notes) | \$ (3,409.57) |
| 598 | Intergovernmental Payments | \$ 6,406,216.00 |
| 510-590.00 | TOTAL EXPENDITURES, NONEXPENDITURES, AND OTHER FINANCING USES | \$ 6,572,572.72 |
| 508.00 | Ending Net Cash and Investments | \$ 1,073,762.86 |
| | TOTAL | \$ 7,646,335.58 |

KING COUNTY FIRE DISTRICT 34
SCHEDULE 5 – Detail of Expenditures and Other Uses – Reserve Account
For the year ending December 31, 2009

Reserve Account 001002000
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ending December 31, 2009

| BARS Acct Number | Description | Actual Amount |
|---------------------|----------------------------------------------------------------------|----------------------|
| 597.00 | Transfers Out | \$ - |
| 510-590.00 | TOTAL EXPENDITURES, NONEXPENDITURES, AND OTHER FINANCING USES | \$ - |
| | | |
| 508.00 | Ending Net Cash and Investments | \$ 174,719.42 |
| TOTAL | | \$ 174,719.42 |

GO Bond Fund Account 200001000
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ending December 31, 2009

| BARS Acct Number | Description | Actual Amount |
|---------------------|------------------------------------------|--------------------|
| 591.22.70 | Redemption of Long-Term Debt - Principle | \$ - |
| 592.22.80 | Interest Costs - Interest | \$ - |
| | | |
| 591-593.00 | TOTAL DEBT SERVICE PAYMENTS | \$ - |
| 597.00 | Transfers Out | \$ - |
| 508.00 | Ending Net Cash and Investments | \$ 3,969.44 |
| | TOTAL | \$ 3,969.44 |

**SCHEDULE 5 – Detail of Expenditures and Other Uses – Capital Reserve Account
For the year ending December 31, 2009**

**Capital Reserve Account 300001000
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ending December 31, 2009**

| BARS Acct Number | Description | Actual Amount |
|-----------------------------|----------------------------------------------------------------------|--------------------------|
| 594.64 | Machinery & Equipment | \$ 29,070.22 |
| 594.65 | Construction of Capital Assets | \$ 53,326.66 |
| 594.65.40 | Services | \$ 17,662.16 |
| 594.65.41 | Professional Services | \$ 27,600.00 |
| 594.65.46 | Insurance | \$ 2,061.00 |
| 594.65.47 | Utility Services | \$ 3,390.11 |
| 594.65.48 | Repairs and Maintenance | \$ 2,438.39 |
| 594.65.49 | Miscellaneous | \$ 175.00 |
| 594 | SUBTOTAL - Capital Expenditures | \$ 82,396.88 |
| 597 | Transfers Out | |
| 510-590.00 | TOTAL EXPENDITURES, NONEXPENDITURES, AND OTHER FINANCING USES | \$ 82,396.88 |
| | | |
| 508.00 | Ending Net Cash and Investments | \$ 1,773,470.12 |
| | TOTAL | \$ 1,855,867.00 |

KING COUNTY FIRE DISTRICT 34
SCHEDULE 9 – Schedule of Long-Term Debt
For the year ending December 31, 2009

The District does not have any long-term debt.

KING COUNTY FIRE DISTRICT 34
Schedule of Limitation of Indebtedness
For the year ending December 31, 2009

Schedule of Limitation of Indebtedness
As of December 31, 2009

| | |
|---------------------------------------------------------------------|---------------|
| Total Taxable Property Value | 4,659,427,696 |
| | |
| 0.75% of General Purposes Limit | 34,945,708 |
| Less: outstanding voted debt for capital purposes | |
| Add: assets available | 3,025,922 |
| Equals: remaining debt capacity with a vote for capital purposes | 37,971,630 |
| Up to 0.375% debt without a vote for general purposes | 17,472,854 |
| Less: outstanding nonvoted debt for general purposes | 0 |
| Less: excess of debt with a vote for capital purposes | 0 |
| Add: assets available | 3,025,922 |
| Equals: remaining debt capacity without a vote for general purposes | 20,498,776 |
| | |
| Remaining debt capacity with a vote for capital purposes | 37,971,630 |
| Less: Outstanding nonvoted debt for general purposes | 0 |
| Equals: remaining debt capacity with a vote for capital purposes | 37,971,630 |
| | |

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended 2009

Has your government engaged labor relations consultants? Yes No

If yes, please provide the following information for each consultant:

| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of firm |
| Name of consultant |
| Business address |
| Amount paid to consultant during fiscal year |
| Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.): Maximum compensation allowed: Duration of services: Services provided: |

| |
|------------------------------------------------------------------------------------------|
| Certified correct this 27th day of July, 2010 to the best of my knowledge and belief: |
| Signature |
| Name Sherman Colson |
| Title Chairman, King County Fire Protection District 34 |