

Balance Sheet – Governmental Funds

December 31, 2008

	General	Capital Improvements Program Fund	Other Governmental Funds	Governmental Funds Total
ASSETS				
Cash and cash equivalents	\$ 757,615	\$ 12,510,008	\$ 8,876,915	\$ 22,144,538
Cash with outside agency	-	-	10,000	10,000
Investments	13,502,549	41,810,527	30,349,065	85,662,141
Receivables:				
Taxes	4,808,107	-	183,027	4,991,134
Accounts	352,386	234,923	1,478,842	2,066,151
Interest	196,477	243,886	145,865	586,228
Special assessments	-	-	118,687	118,687
Due from other funds	-	-	915,246	915,246
Due from other governments	2,692,187	1,657,262	93,236	4,442,685
Prepaid Rent	-	328,862	-	328,862
Restricted assets:				
Deposit cash	-	128,187	5,551	133,738
Deposit investments	2,038,572	-	-	2,038,572
Total Assets	\$ 24,347,893	\$ 56,913,655	\$ 42,176,434	\$ 123,437,982
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/claims payable	\$ 3,858,478	\$ 955,304	\$ 623,405	\$ 5,437,187
Employee wages payable	1,771,189	48,197	360,017	2,179,403
Due to other funds	-	-	915,246	915,246
Due to other governments	-	787,912	-	787,912
Payable from restricted assets:				
Deposits payable	2,038,572	128,187	5,551	2,172,310
Deferred revenues (Note 9)	502,471	7,610,111	143,014	8,255,596
Total Liabilities	8,170,710	9,529,711	2,047,233	19,747,654
Fund balances:				
Reserved for:				
Debt service	-	-	1,525,809	1,525,809
Unreserved, reported in:				
General fund	16,177,183	-	-	16,177,183
Special revenue funds	-	-	38,603,392	38,603,392
Capital projects funds	-	47,383,944	-	47,383,944
Total Fund Balances	16,177,183	47,383,944	40,129,201	103,690,328
Total Liabilities and Fund Balances	\$ 24,347,893	\$ 56,913,655	\$ 42,176,434	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	300,468,328
Net pension obligation paid in over required (overfunded).	(550,816)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 3)	1,556,753
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.	16,544,791
Some liabilities, including bonds, loans, and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 3)	(80,852,969)
Net assets of governmental activities	<u>\$ 340,856,415</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the year ended December 31, 2008

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	General Fund	Capital Improvements Program Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 43,680,471	\$ 1,100,000	\$ 13,476,160	\$ 58,256,631
Special assessments	-	-	286,814	286,814
Licenses and permits	7,244,788	-	1,052,334	8,297,122
Contributions from property owners	6,109	2,131,245	491,661	2,629,015
Intergovernmental	8,689,765	4,039,822	5,347,201	18,076,788
Charges for services	4,115,332	5,292,076	2,917,994	12,325,402
Fines and forfeitures	809,312	-	54,796	864,108
Investment income	1,056,364	1,361,792	1,333,541	3,751,697
Miscellaneous	222,163	546,991	241,664	1,010,818
Total Revenues	65,824,304	14,471,926	25,202,165	105,498,395
EXPENDITURES				
Current				
General government	12,045,885	1,317,923	421,320	13,785,128
Security of persons and property	31,351,742	554,290	7,869,002	39,775,034
Physical environment	2,998,396	35,213	782,862	3,816,471
Transportation	3,593,694	2,171,219	920,294	6,685,207
Economic environment	2,863,059	147,500	896,075	3,906,634
Mental/physical health	11,728	-	85,641	97,369
Culture and recreation	5,672,372	672,521	3,556,143	9,901,036
Capital outlay	392,328	37,005,328	2,434,547	39,832,203
Debt service:				
Principal	-	1,396,717	1,051,384	2,448,101
Interest and debt issue costs	-	2,080,162	484,669	2,564,831
Total Expenditures	58,929,204	45,380,873	18,501,937	122,812,014
Excess (deficiency) of revenues over (under) expenditures	6,895,100	(30,908,947)	6,700,228	(17,313,619)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	107,347	-	3,269	110,616
Bonds Issued	-	33,935,000	-	33,935,000
Refunding Bonds Issued	-	-	1,315,000	1,315,000
Premiums on Bonds Issued	-	1,280,315	29,600	1,309,915
Transfers in (Note 12)	379,229	7,564,236	4,985,607	12,929,072
Transfers out (Note 12)	(5,889,275)	(1,339,777)	(5,736,432)	(12,965,484)
Bond Proceeds to Refunding Trustee	-	-	(1,328,167)	(1,328,167)
Total other financing sources and uses	(5,402,699)	41,439,774	(731,123)	35,305,952
Net change in fund balances	1,492,401	10,530,827	5,969,105	17,992,333
Fund balances-beginning	14,684,782	36,853,117	34,160,096	85,697,995
Fund balances-ending	\$ 16,177,183	\$ 47,383,944	\$ 40,129,201	\$ 103,690,328

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds
To the Statement of Activities**

For the year ended December 31, 2008

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Amounts reported for governmental funds in the statement of activities are different because:

Net change in fund balances - total governmental funds.	\$ 17,992,333
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$39,832,203) less CIP closures (\$5,743,999) exceeded depreciation (\$7,452,164) in the current period.	26,636,040
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note 3)	4,094,914
Receipt of long-term debt proceeds increases the current financial resources of governmental funds and repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. (Note 3)	(32,582,188)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	2,017,668
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 3)	(719,217)
Change in net assets of governmental activities.	<u>\$ 17,439,550</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund**

For the year ended December 31, 2008

	Original Budget 2007-2008	Final Budget 2007-2008	Actual 2007- 2008 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 85,821,302	\$ 85,821,302	\$ 91,389,920	\$ 5,568,618
Licenses and permits	12,970,371	12,970,371	15,986,747	3,016,376
Intergovernmental	14,410,482	14,858,774	16,828,609	1,969,835
Charges for services	8,990,500	9,019,581	8,653,596	(365,985)
Fines and forfeitures	43,212	1,617,981	1,620,763	2,782
Investment income	990,348	990,348	2,315,151	1,324,803
Miscellaneous	556,040	515,341	431,402	(83,939)
Total Revenues	123,782,255	125,793,698	137,226,188	11,432,490
EXPENDITURES				
Current				
General government	21,880,746	25,828,794	22,625,135	3,203,659
Security of persons and property	59,797,116	63,896,307	63,757,062	139,245
Physical environment	5,977,535	6,022,051	5,764,840	257,211
Transportation	6,773,990	6,867,262	7,058,033	(190,771)
Economic development	5,462,790	5,728,238	5,409,357	318,881
Mental/physical health	20,361	20,361	23,427	(3,066)
Culture and recreation	9,696,156	10,356,043	10,630,013	(273,970)
Capital outlay	8,400	283,400	526,414	(243,014)
Total Expenditures	109,617,094	119,002,456	115,794,281	3,208,175
Excess (deficiency) of revenues over (under) expenditures	14,165,161	6,791,242	21,431,907	14,640,665
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	-	107,347	107,347
Transfers in	40,073	40,073	399,018	358,945
Transfers out	(15,074,784)	(14,977,143)	(14,819,609)	157,534
Total other financing sources and uses	(15,034,711)	(14,937,070)	(14,313,244)	623,826
Net change in fund balance	(869,550)	(8,145,828)	7,118,663	15,264,491
Fund balance-beginning	3,497,604	9,058,520	9,058,520	-
Fund balance-ending	\$ 2,628,054	\$ 912,692	\$ 16,177,183	\$ 15,264,491

The notes to the financial statements are an integral part of this statement.

Statement of Net Assets Proprietary Funds

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December 31, 2008

	Business-type Activities- Enterprise Funds				Government
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,545,757	\$ 377,838	\$ 1,240,950	\$ 3,164,545	\$ 1,707,383
Investments	8,077,421	6,923,232	23,210,025	38,210,678	10,474,556
Accounts and contracts receivable	2,118,431	300,727	893,046	3,312,204	33,415
Interest receivable	108,468	89,398	268,741	466,607	121,780
Due from other government	17,490	-	571,656	589,146	-
Inventory	92,121	-	-	92,121	36,342
Pre-Paid Insurance	-	-	-	-	395,114
Restricted assets					
Customer deposits:					
Cash and cash equivalents	346,028	309,358	11,057	666,443	4
Capital project bond funds:					
Cash and cash equivalents	6,510,233	-	-	6,510,233	-
Revenue bond redemption:					
Investments	1,175,500	-	-	1,175,500	-
Total current assets	19,991,449	8,000,553	26,195,475	54,187,477	12,768,594
Noncurrent assets:					
Deferred charges	510,109	5,518	-	515,627	-
Capital assets:					
Land	2,104,806	3,274,106	2,005,668	7,384,580	584,292
Buildings	15,305,486	10,767,763	738,100	26,811,349	619,494
Improvements other than buildings	133,952,442	56,204,025	40,970,143	231,126,610	278,099
Equipment	227,432	443,369	265,676	936,477	10,297,267
Construction in progress	9,518,172	60	2,711,814	12,230,046	-
Other property	8,775	-	-	8,775	-
Less accumulated depreciation	(29,992,187)	(7,032,234)	(7,590,316)	(44,614,737)	(6,463,814)
Total capital assets (net of depreciation)	131,124,926	63,657,089	39,101,085	233,883,100	5,315,338
Total noncurrent assets	131,635,035	63,662,607	39,101,085	234,398,727	5,315,338
Total Assets	151,626,484	71,663,160	65,296,560	288,586,204	18,083,932

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Statement of Net Assets, Proprietary Funds – Page 2 of 2

	Business-type Activities- Enterprise Funds				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
LIABILITIES					
Current liabilities:					
Accounts payable	1,689,862	614,865	207,986	2,512,713	1,177,035
Employee wages payable	140,723	12,289	97,187	250,199	102,497
Compensated absences	220,451	25,058	136,970	382,479	133,105
Due to other governments	92,326	-	-	92,326	-
Unearned revenues	-	6,240	-	6,240	93,224
Liabilities payable from restricted assets:					
Customer deposits payable	346,028	309,358	11,057	666,443	4
Current bond principal	565,000	-	-	565,000	-
Accrued interest payable	44,757	-	-	44,757	-
Total current liabilities	3,099,147	967,810	453,200	4,520,157	1,505,865
Noncurrent liabilities:					
Revenue bonds payable, net	11,549,727	-	-	11,549,727	-
Compensated absences	55,113	6,265	34,243	95,621	33,276
Total noncurrent liabilities	11,604,840	6,265	34,243	11,645,348	33,276
Total Liabilities	14,703,987	974,075	487,443	16,165,505	1,539,141
NET ASSETS					
Invested in capital assets, net of related debt	125,435,076	63,657,089	39,101,085	228,193,250	5,315,338
Restricted for debt service	1,175,500	-	-	1,175,500	-
Restricted for Capital Projects-bond funds	6,510,233	-	-	6,510,233	-
Unrestricted	3,801,688	7,031,996	25,708,032	36,541,716	11,229,453
Total Net Assets	\$ 136,922,497	\$ 70,689,085	\$ 64,809,117	272,420,699	\$ 16,544,791
Adjustment to reflect the consolidation of internal service fund activities				583,949	
Net assets of business-type activities				<u>\$ 273,004,648</u>	

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the year ended December 31, 2008

	Business-type Activities- Enterprise Funds				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
Operating revenues:					
Charges for services	\$ 15,955,407	\$ 4,126,378	\$ 10,714,798	\$ 30,796,583	\$ 4,216,789
Metro service	9,004,176	971,616	-	9,975,792	-
Charges for replacement	-	-	-	-	2,157,550
Charges for insurance	-	-	-	-	9,127,072
Total Operating Revenues	<u>24,959,583</u>	<u>5,097,994</u>	<u>10,714,798</u>	<u>40,772,375</u>	<u>15,501,411</u>
Operating expenses:					
Administrative and general	4,679,909	717,079	3,794,404	9,191,392	11,797,122
Purchased water	6,435,471	2,507,659	-	8,943,130	-
Metro service	8,956,916	929,155	-	9,886,071	-
Supplies	-	-	-	-	754,367
Maintenance and operations	2,662,972	548,353	1,543,797	4,755,122	1,537,548
Taxes	555,037	100,270	239,633	894,940	-
Depreciation and amortization	3,208,262	1,105,549	1,001,245	5,315,056	972,173
Total Operating Expenses	<u>26,498,567</u>	<u>5,908,065</u>	<u>6,579,079</u>	<u>38,985,711</u>	<u>15,061,210</u>
Operating Income (Loss)	<u>(1,538,984)</u>	<u>(810,071)</u>	<u>4,135,719</u>	<u>1,786,664</u>	<u>440,201</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	370,859	318,863	1,050,751	1,740,473	459,132
Grants	-	19,036	769,656	788,692	-
Interest expense	(44,005)	-	(1,108)	(45,113)	-
Amortization of debt issue costs	(64)	-	-	(64)	-
Gain on sale of capital assets	-	-	-	-	148,178
Insurance Recovery	-	-	-	-	11,475
Miscellaneous	97,782	41,643	682	140,107	715,567
Total nonoperating revenues (expenses)	<u>424,572</u>	<u>379,542</u>	<u>1,819,981</u>	<u>2,624,095</u>	<u>1,334,352</u>
Income before contributions and transfers	<u>(1,114,412)</u>	<u>(430,529)</u>	<u>5,955,700</u>	<u>4,410,759</u>	<u>1,774,553</u>
Capital contributions	4,313,997	8,134,129	7,517,118	19,965,244	282,464
Transfers in	-	-	-	-	36,411
Change in net assets	<u>3,199,585</u>	<u>7,703,600</u>	<u>13,472,818</u>	<u>24,376,003</u>	<u>2,093,428</u>
Total net assets - beginning	<u>133,722,912</u>	<u>62,985,485</u>	<u>51,336,299</u>	<u>248,044,696</u>	<u>14,451,363</u>
Total net assets - ending	<u><u>\$ 136,922,497</u></u>	<u><u>\$ 70,689,085</u></u>	<u><u>\$ 64,809,117</u></u>	<u><u>272,420,699</u></u>	<u><u>\$ 16,544,791</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				75,760	
Change in net assets of business-type activities				<u><u>75,760</u></u>	
				<u><u>\$ 24,451,763</u></u>	

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows Proprietary Funds

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For the year ended December 31, 2008

	Business-type Activities- Enterprise Funds				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 25,033,138	\$ 5,034,303	\$ 10,436,527	\$ 40,503,968	\$ 13,324,724
Cash received for replacement	-	-	-	-	2,157,550
Cash payments to suppliers	(7,486,205)	(3,111,086)	(924,830)	(11,522,121)	(10,950,126)
Cash payments to employees	(3,035,805)	(398,224)	(2,168,606)	(5,602,635)	(2,737,242)
Cash payments to other governments	(9,511,953)	(1,029,425)	(239,633)	(10,781,011)	-
Internal activity - payments to other funds	(2,555,655)	(562,636)	(2,134,083)	(5,252,374)	(587,090)
Other operating receipts	8,984	-	910	9,894	727,042
Other operating payments	-	(380,808)	-	(380,808)	(8,027)
Net cash provided (used) by operating activities	2,452,504	(447,876)	4,970,285	6,974,913	1,926,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant Proceeds	-	19,036	-	19,036	-
Transfers in	-	-	-	-	36,411
Net cash provided by noncapital financing activities	-	19,036	-	19,036	36,411
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(11,266,679)	(190,959)	(2,160,417)	(13,618,055)	(1,279,231)
Proceeds from sale of capital assets	-	-	-	-	158,345
Proceeds from sale of other assets	97,782	41,643	682	140,107	-
Capital contributions	1,261,361	97,325	6,308,770	7,667,456	-
Bond/grant proceeds	12,001,403	-	769,656	12,771,059	-
Principal paid on other debt	(117,955)	-	(294,672)	(412,627)	-
Interest paid on other debt	(4,103)	-	(1,108)	(5,211)	-
Net cash provided (used) for capital and related financing activities	1,971,809	(51,991)	4,622,911	6,542,729	(1,120,886)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment purchases	-	(1,071,706)	(12,706,625)	(13,778,331)	(3,120,453)
Investment sales/maturities	248,201	-	-	248,201	-
Interest on investments	448,913	344,198	988,127	1,781,238	481,547
Net cash provided (used) in investing activities	697,114	(727,508)	(11,718,498)	(11,748,892)	(2,638,906)
Net increase (decrease) in cash and cash equivalents	5,121,427	(1,208,339)	(2,125,302)	1,787,786	(1,796,550)
Cash and cash equivalents- beginning of year	3,280,591	1,895,535	3,377,309	8,553,435	3,503,937
Cash and cash equivalents-end of year	\$ 8,402,018	\$ 687,196	\$ 1,252,007	\$ 10,341,221	\$ 1,707,387

CITY OF REDMOND

Statement of Cash Flows, Proprietary Funds – Page 2 of 2

	Business-type Activities- Enterprise Funds				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
Cash at the end of the year consists of:					
Operating fund cash	\$ 1,545,757	\$ 377,838	\$ 1,240,950	\$ 3,164,545	\$ 1,707,383
Bond reserve cash	6,510,233	-	-	6,510,233	-
Customer deposits	346,028	309,358	11,057	666,443	4
Total cash at end of year	\$ 8,402,018	\$ 687,196	\$ 1,252,007	\$ 10,341,221	\$ 1,707,387

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ (1,538,984)	\$ (810,071)	\$ 4,135,719	\$ 1,786,664	\$ 440,201
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,208,262	1,105,549	1,001,245	5,315,056	972,173
Decrease (increase) in accounts receivable	91,045	(63,691)	293,385	320,739	(21,637)
Increase in inventory	(14,176)	-	-	(14,176)	(8,743)
Increase in prepaid expenses	-	-	-	-	(313)
Increase in due from other gov'ts	(17,490)	-	(571,656)	(589,146)	-
Increase (decrease) in accts. payable	649,282	(296,571)	99,260	451,971	(193,482)
Increase due to other governments	6,970	-	-	6,970	-
Increase (decrease) in employee wages payable	21,884	(1,892)	6,019	26,011	746
Increase in compensated absences payable	58,995	5,416	5,403	69,814	8,344
Reclassify other income	-	-	-	-	727,042
Increase (decrease) in customer deposits payable	8,984	(380,808)	910	(370,914)	4
Increase in unearned revenue	-	-	-	-	2,496
Increase in deferred charges	(22,268)	(5,808)	-	(28,076)	-
Net cash provided (used) by operating activities	\$ 2,452,504	\$ (447,876)	\$ 4,970,285	\$ 6,974,913	\$ 1,926,831

Noncash investing, capital and financing activities:

Developers contributed infrastructure valued at	\$ 3,052,635	\$ 8,036,805	\$ 1,208,349	\$ 12,297,789	\$ -
Other funds of the City transferred vehicles valued at	-	-	-	-	282,464
Fair value of investments increased by	\$ 23,292	\$ 14,427	\$ 58,425	\$ 96,144	\$ 26,395

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2008

	Firemen's Pension Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 39,078	\$ 882,464
Invested in Federal Agency Notes	678,227	-
Receivables:		
Accounts	-	4
Interest	7,876	-
Total Assets	725,181	882,468
LIABILITIES		
Due to other governments	-	10,763
Custodial	-	36,981
Trust account	-	834,724
Total Liabilities	-	\$ 882,468
NET ASSETS		
Held in trust for pension benefits	\$ 725,181	

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the year ended December 31, 2008

	Firemen's Pension Fund
ADDITIONS	
Fire insurance premium contributions	\$ 121,832
Investment interest	30,027
Total additions	151,859
DEDUCTIONS	
Benefit payments	10,055
Administrative expenses	6,684
Total deductions	16,739
Change in net assets	135,120
Net assets-beginning	590,061
Net assets-ending	\$ 725,181

The notes to the financial statements are an integral part of this statement.