



City of Redmond, Washington

# Comprehensive Annual **Financial Report**

For the fiscal year ended December 31, 2008

2008

**CITY OF REDMOND, WASHINGTON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

PREPARED BY THE FINANCE DEPARTMENT

**MALISA FILES**

INTERIM DIRECTOR OF FINANCE AND INFORMATION SERVICES (JAN. – MAY 2008)

**MICHAEL E. BAILEY, CPA**

DIRECTOR OF FINANCE AND INFORMATION SERVICES (MAY – DEC. 2008)

**CHRIS GIANINI, CPA**

ACCOUNTING SERVICES MANAGER (JAN. – FEB. 2008)

**JILL LONG, CPA**

SENIOR FINANCIAL ANALYST  
INTERIM ACCOUNTING SERVICES MANAGER (FEB. – AUG. 2008)

**SHEILA ITURRIAGA COLYER**

ACCOUNTING SERVICES MANAGER (AUG. – DEC. 2008)

**HUIMIN LIU**

SENIOR ACCOUNTANT

**MICHAEL MOORE**

SENIOR ACCOUNTANT

**STEPHANIE WOO**

SENIOR ACCOUNTANT

**KELLEY WOOD**

TREASURY MANAGER

**MASON DARNALL**

ADMINISTRATIVE SPECIALIST

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For the Year Ended December 31, 2008

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The City of Redmond  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## CITY OF REDMOND ELECTED OFFICIALS



**MAYOR**  
John Marchione



John Marchione

## COUNCIL



Nancy McCormick  
President



John "Pat" Vache  
Vice President



Kim Allen



David Carson



Richard Cole



Hank Margeson



Hank Myers

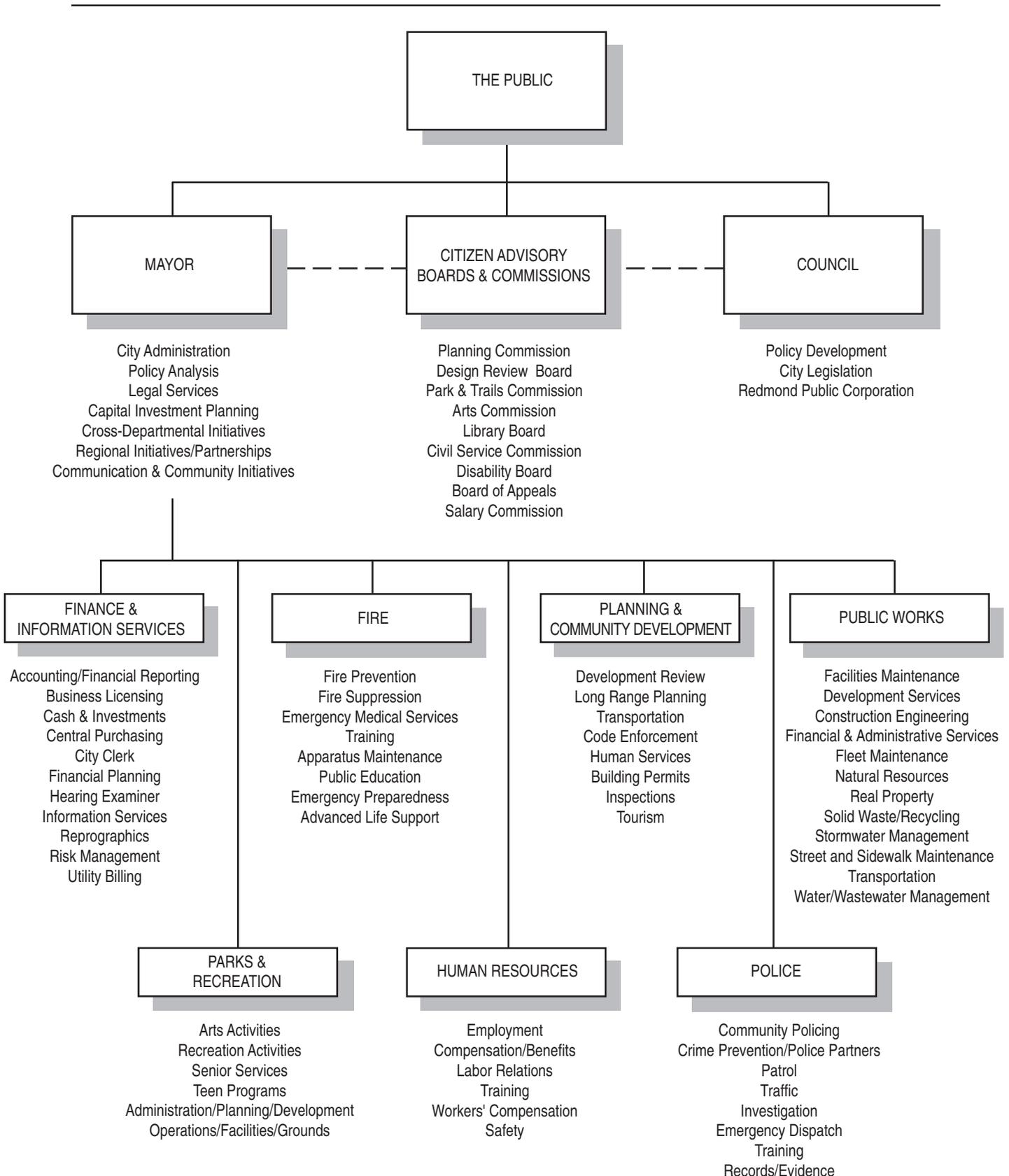
## EXECUTIVE STAFF AND LEGAL COUNSEL

---

Assistant to the Mayor  
Finance and Information Services Director  
Fire Chief  
Human Resources Director  
Parks and Recreation Director  
Planning and Community Development Director  
Police Chief  
Public Works Director  
City Attorney  
Bond Attorney  
Prosecutor

Jane Christenson  
Michael Bailey  
Tim K. Fuller  
Kerry Sievers  
Craig E. Larsen  
Rob Odle  
Steven R. Harris  
William Campbell  
James Haney, Ogden Murphy Wallace  
Gottlieb Fisher PLLC  
Richard L. Mitchell

# CITY OF REDMOND ORGANIZATIONAL STRUCTURE





June 12, 2009

Mayor Marchione,  
The Redmond City Council, and  
Citizens of Redmond, Washington:

I am pleased to provide the Comprehensive Annual Financial Report of the City of Redmond for the fiscal year ended December 31, 2008. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office in a timely fashion.

As management for the City, we are responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. The definition of accounting control assumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the Office of the State Auditor. State law provides for an annual independent audit to be conducted by the Office of the State Auditor.

As a recipient of federal, state, and county financial assistance the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, Budget Circular A-133, *Audits of State and Local Governments*, and the March 2006 Compliance Supplement. This audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The results of the City's single annual audit for the fiscal year ended December 31, 2008 provided no deficiencies in the design or operation of internal control over major federal programs.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Redmond's MD&A can be found immediately following the independent auditor's report.

## **Profile of the Government**

Incorporated in 1912, Redmond is the sixteenth largest city in the state of Washington encompassing an area of 16.94 square miles east of downtown Seattle on the east side of Lake Washington. Redmond has grown from a population of 1,453 in 1960 to a 2008 population of 51,320.

Redmond is a non-charter code city, operating under Section 35A of the Revised Code of Washington. It has a Mayor/Council form of government. The Mayor and the seven member City Council are elected for staggered four-year terms and are elected at-large. Members of the City Council are responsible for establishing the general direction and policies for the City and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out the policy and direction set by the

## **CITY OF REDMOND**

City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the City.

The City of Redmond provides a full range of municipal services, including police and fire, emergency medical services, planning and zoning, street maintenance and construction, parks and recreation, and general administrative services. The City operates enterprise funds for water and wastewater services and stormwater management.

This report includes all funds, agencies, and boards and commissions that are controlled by, or dependent on, the City's executive and legislative departments. Included as part of the reporting entity are the Redmond Public Corporation and Redmond Community Properties. Additional information on these entities can be found in the Notes to the Financial Statements.

The City prepares a biennial budget on the modified accrual basis in accordance with the Revised Code of Washington (RCW) 35A.34. Biennial budgets must be adopted by the City Council prior to the first of each odd-numbered calendar year. Reviews are conducted at mid-biennium and any changes for the second half of the biennium are adopted by the City Council.

The biennial budget serves as the foundation for the City of Redmond's financial planning and control. The budget is prepared by fund and department. A budget increase or decrease to a fund must be authorized by the City Council. Appropriation changes within a fund may be authorized by the Mayor.

## **Local Economy**

Redmond has evolved from a small town with logging and farming as its chief industries into a city of very diverse industries. Led by the technology industry, the local economy also includes light manufacturing, business parks, and a large outdoor mall adjacent to the downtown retail core. The largest employer in Redmond is Microsoft which has its world headquarters and about 40,000 employees located in the City. Other significant employers in our city include Genie Industries, Volt Technical Resources, AT&T Mobility, and Nintendo of America.

Redmond's economy recovered from the economic recession of 2001, albeit at a modest rate. Sales tax revenues, employment growth, and development activity all increased through most of 2008. Late in 2008 Redmond began to see signs of the economic decline that had already begun to be felt by the state and surrounding communities. Without a one-time audit recovery in the 2007 sales tax revenues of just over \$4m, the 2008 growth rate was 1.3%. Development related revenues also stabilized in 2008 while beginning to trend downward toward the end of the year. Employment growth in the Puget Sound region began to stabilize (from a history of growth) and is anticipated to decline slightly over the next year. With unemployment in the Seattle metro area being just 3.5% at this time last year, it is 8.3% as of this writing. Much of the employment growth in Redmond over the past several years has been led by Microsoft. This has stabilized over the past several months as well. Microsoft attracts other technology businesses to the area, which contributed further to the employment growth. Development activity within Redmond is also related to the technology sector with Microsoft investing \$1 billion over the next three years adding 14 new buildings with 3.1 million square feet of office space. Nintendo is replacing and expanding its US headquarters within the City with three new office buildings as well. The jobs related to this development and others like it help to create needs for housing and other support industries. These have propelled the Redmond economy in the past and help to provide stability today. Ongoing revenues such as property tax, sales tax, business license fees and utility taxes should continue to be stable over the long term as a result of the nature of our local economy.

Other significant projects in the downtown area include large condominium developments, a new Group Health facility, a new hotel and a new transit oriented multi-use design development that combines residential, commercial and a downtown transit center which is currently under construction.

## **CITY OF REDMOND**

To ensure the City keeps abreast of and incorporates economic conditions into its financial plans, revenues are projected for the next six years and the forecast is updated annually. Operating expenses are supported by ongoing revenues per City policy.

### **Long-term Financial Planning and Relevant Financial Policies**

In line with the City's financial policy to maintain a diversified and stable revenue system, the financial strategy called for increases in four revenue sources. Three of these revenue sources, utility tax rate, business license fees, and developer fees, were increased by Council vote in 2006. In 2007 voters approved three Levy Lid Lifts to provide additional revenue in 2008. The Fire Levy provides additional firefighters to support fire and aid car operations at the Overlake Fire Station and the North Redmond Fire Station; the Police Levy provides additional police personnel to support police operations and programs; and the Park Levy provides operation and maintenance of park facilities and programs.

Beginning early in 2008, the Mayor and Council initiated a "Budgeting by Priorities" process. This process helped to align community priorities with efficient delivery of city services through the development of the 2009/2010 biennium budget. It also includes indicators to gauge the degree of success in addressing the community priorities with city resources. This process will provide a context for balancing future budgets.

City financial policies restrict the use of borrowed funds to capital improvements that can't be financed from current revenues. Debt is not used for current operations. The City issued bonds in 2008 for significant transportation improvements to support development in the downtown and to improve its utility systems.

Redmond is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's biennial budget. Concurrent with the biennial budget, the City's long-term capital needs and potential funding sources are assessed. During each biennial budget planning process, initiatives for the next two years are identified. The budget is developed with the goal of attaining these initiatives.

### **Major Initiatives**

The City continues its tradition of significant investments in capital facilities needed to provide services to our community. Construction projects completed in 2008 ranged from significant improvements at Grasslawn Park to improvements in the area used by the Police Department for storage of evidence used in investigations. Within the business-type activities of the water and waste water systems, significant improvements were made to the wells and water storage tanks in 2008.

Two successful ongoing community events were featured in 2008, Derby Days and Redmond Lights. Derby Days, held in mid-July, celebrates the 4<sup>th</sup> of July holiday and Redmond's bicycling heritage. Community events include a carnival, a criterium bicycle race, a children's parade, a variety of live music, and family entertainment from jugglers to reptiles. Redmond Lights is the City's annual year-end holiday celebration, running from early December through early January. This event celebrates holiday traditions from many countries and features music, lights, children's crafts, and a food and toy drive.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redmond for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

**CITY OF REDMOND**

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of City staff. I would like to express my appreciation to the staff, including personnel from various departments and agencies who assisted in its preparation. Also, I would like to thank the Mayor and the City Council for their continued interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael E. Bailey". The signature is written in a cursive style with a large initial "M" and a stylized "B".

Michael E. Bailey, CPA  
Finance Director



**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

June 12, 2009

Mayor and City Council  
City of Redmond  
Redmond, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redmond, King County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redmond, King County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 12, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 1 through 9, pension trust information on page 62 and information on postemployment benefits other than pensions on page 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as Combining and Individual Fund Statements and Schedules on pages 64 through 120 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory Section, Capital Assets Used in the Operation of Governmental Funds on pages 122 through 125, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management discussion and analysis section of the City of Redmond's Comprehensive Annual Financial Report provides an overview of the City's financial activities for the year ending December 31, 2008, and for the City's financial position at December 31, 2008. This information should be read in conjunction with the preceding letter of transmittal and the financial statements and notes to the financial statements that follow.

### Financial Highlights

- Net assets, the amount by which total assets exceed total liabilities, equaled \$613,861,063 at the end of 2008. The City's net assets increased by \$41,891,313 or 7.32% in 2008. The overall increase was split between governmental activities and business-type activities at \$17,439,550 or 41.63% and \$24,451,763 or 58.37% respectively. The increase is predominantly due to an increase in investment in capital assets. In governmental activities, \$7,123,961 or 40.85% of the increase resulted from investments in capital assets while business-type activities had a \$15,628,073 or 63.91% increase in capital assets.

Of the remaining net assets, \$24,203,396 and \$77,758,280 are restricted and unrestricted respectively for Governmental Activities, while \$7,685,733 and \$37,125,665 are restricted and unrestricted respectively for Business-Type Activities. The major component of the legally restricted portion is for Capital Projects, which account for \$24,282,619 or 76.14% of total restricted net assets citywide.

- Governmental fund balances at year end were \$103,690,328, an increase of \$17,992,333 or 20.99% from the prior year. Of this amount, \$16,177,183 is unreserved in the general fund and available to fund ongoing activities. \$1,525,809 is legally restricted for debt service, and \$47,383,944 and \$38,603,392 is legally restricted or reserved by City policy for capital projects and Special Revenue Fund purposes respectively.
- The unreserved fund balance in the general fund, \$16,177,183, is an increase of \$1,492,401 from the prior year. A fund balance of \$6,545,560 is available in the operating reserve fund as well to provide the capacity to offset significant downturns and revisions in any general municipal purpose fund in accordance with the City's operating reserve policy. This is reported as a separate fund in the Special Revenue Fund totals.
- The City went through a re-evaluation of our bond rating for both general government bonds as well as a re-evaluation of the utility rating with Standard & Poors. This labor-intensive process yielded big results for the City – an AAA rating for both. This rating increase was well reflected in the bond offerings that the City had in 2008 with all three resulting in premiums totaling \$1,695,956.

The three offerings were one general obligation, one revenue and one refunding of existing general obligation bonds. The general obligation bonds were in the amount of \$33,935,000 for the Bear Creek Parkway expansion as well as other transportation projects. The revenue bonds were for the City's utility capital projects in the amount of \$11,755,000. The refunding bonds decreased the 1994 bonds by \$1,315,000.

### Overview of the Financial Statements

The City's basic financial statements are presented in three parts: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Other supplementary information in addition to the basic financial statements is also contained in this report. This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

## Government-wide financial statements

The government-wide financial statements are designed to give the reader a picture of the financial condition and activities of the City as a whole. This broad overview is similar to the financial reporting of private sector businesses. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the City include general government (finance, executive, human resources), security (police and fire), physical environment, economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities are limited to water/wastewater and stormwater utilities. Governmental activities are primarily supported by taxes, charges for services, and grants. Business-type activities are self-supporting through user fees and charges.

The **statement of net assets** presents information on all of the City of Redmond's assets and liabilities, highlighting the difference between the two as net assets. This statement is similar to the balance sheet of a private sector business. Over time, increases or decreases in net assets may be one indicator of improvement or deterioration in the City's overall financial health.

The **statement of activities** presents information designed to show how the City's net assets changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

## Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type such as the general fund, special revenue funds, and proprietary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Redmond, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions as are reported as governmental activities in the government-wide financial statements. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

The City of Redmond maintains twenty-nine individual governmental funds. The City's two major governmental funds – the general fund and the capital improvements program fund – are presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are combined into a single column labeled

## CITY OF REDMOND

other governmental funds. Individual fund data for each of the other governmental funds can be found in combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level for all funds in accordance with state law. A budgetary comparison statement is presented for the general fund and the advanced life support fund as basic financial statements. Other budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

**Proprietary funds** are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received.

The City of Redmond has two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to various City departments.

Enterprise funds of the City are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The enterprise fund statements provide separate information for the City's water/wastewater utility, an Urban Planned Development (UPD) water/wastewater utility outside the city limits, and the City's stormwater utility.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, insurance premiums and claims, medical self-insurance, workmen's compensation self-insurance program, information technology, and one blended component unit, Redmond Community Properties. Internal service funds benefit both governmental and business-type activities and are allocated accordingly in the government-wide statement of activities. Internal service fund assets and liabilities are predominantly governmental and have been included in the governmental activities column of the government-wide statement of net assets.

**Fiduciary funds** account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City of Redmond's activities.

The City has two types of fiduciary funds, a pension fund and agency funds. The accounting for the pension fund is on the accrual basis. Agency funds are custodial in nature and do not include revenues and expenses as they do not measure the results of operations.

## Notes to the financial statements

The notes to the financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

## Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain **required supplementary information** concerning the City's progress in funding its obligation to provide pension benefits to certain retired firefighters and lifetime medical benefits to uniformed personnel hired before October 1, 1977. Required supplementary information may be found immediately following the notes to the financial statements.

The combining statements for other governmental funds, internal service funds, and agency-type fiduciary funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis****Statement of net assets**

The statement of net assets can serve as a useful indicator of the City's financial position. The City of Redmond's net assets at December 31, 2007 and 2008 total \$571,969,750 and \$613,861,063, respectively. Following is a condensed version of the government-wide statement of net assets for 2008 compared to 2007.

**City of Redmond's Net Assets (in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 136,176	\$ 115,455	\$ 55,287	\$ 39,725	\$ 191,463	\$ 155,180
Capital assets, net of accumulated depreciation	<u>305,784</u>	<u>274,169</u>	<u>233,883</u>	<u>213,066</u>	<u>539,667</u>	<u>487,235</u>
Total assets	<u>\$ 441,960</u>	<u>\$ 389,624</u>	<u>\$ 289,170</u>	<u>\$ 252,791</u>	<u>\$ 731,130</u>	<u>\$ 642,415</u>
Long-term liabilities	\$ 80,288	\$ 46,893	\$ 12,678	\$ 749	\$ 92,966	\$ 47,642
Other liabilities	<u>20,815</u>	<u>19,314</u>	<u>3,487</u>	<u>3,488</u>	<u>24,302</u>	<u>22,802</u>
Total liabilities	<u>\$ 101,103</u>	<u>\$ 66,207</u>	<u>\$ 16,165</u>	<u>\$ 4,237</u>	<u>\$ 117,268</u>	<u>\$ 70,444</u>
Net assets						
Invested in capital assets, net of related debt	\$ 238,895	\$ 231,771	\$ 228,193	\$ 212,565	\$ 467,088	\$ 444,336
Restricted	<u>24,203</u>	<u>24,320</u>	<u>7,686</u>	<u>-</u>	<u>31,889</u>	<u>24,320</u>
Unrestricted	<u>77,758</u>	<u>67,326</u>	<u>37,126</u>	<u>35,988</u>	<u>114,884</u>	<u>103,314</u>
Total net assets	<u><u>\$ 340,856</u></u>	<u><u>\$ 323,417</u></u>	<u><u>\$ 273,005</u></u>	<u><u>\$ 248,553</u></u>	<u><u>\$ 613,861</u></u>	<u><u>\$ 571,970</u></u>

**Changes in net assets**

The changes in net assets table illustrates the increases or decreases in net assets of the City resulting from its operating activities. Following is a condensed version of the City's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in tabular form for the governmental activities separate from the business-type activities for 2007 and 2008.

**City of Redmond's Changes in Net Assets (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 33,807	\$ 32,681	\$ 40,772	\$ 42,968	\$ 74,579	\$ 75,649
Operating grants and contributions	7,383	5,903	19	523	7,402	6,426
Capital grants and contributions	5,240	5,227	20,735	21,160	25,975	26,387
General revenues					-	
Property taxes	18,589	13,039	-	-	18,589	13,039
Sales taxes	20,675	24,420	-	-	20,675	24,420
Other taxes	19,578	27,404	-	-	19,578	27,404
Investment interest	4,087	5,135	1,740	1,668	5,827	6,803
Miscellaneous	1,242	3,819	140	143	1,382	3,962
<b>Total revenues</b>	<b>\$ 110,601</b>	<b>\$ 117,628</b>	<b>\$ 63,406</b>	<b>\$ 66,462</b>	<b>\$ 174,007</b>	<b>\$ 184,090</b>
Expenses:						
General government	\$ 14,823	\$ 13,390	\$ -	\$ -	\$ 14,823	\$ 13,390
Security	40,940	41,105	-	-	40,940	41,105
Physical environment	3,962	3,360	-	-	3,962	3,360
Economic environment	3,689	3,488	-	-	3,689	3,488
Transportation	16,501	10,616	-	-	16,501	10,616
Mental/physical health	97	98	-	-	97	98
Culture and recreation	11,104	9,551	-	-	11,104	9,551
Interest on long term debt	2,045	1,990	-	-	2,045	1,990
Water/wastewater	-	-	26,467	22,528	26,467	22,528
UPD water/wastewater	-	-	5,908	5,466	5,908	5,466
Stormwater	-	-	6,580	6,188	6,580	6,188
<b>Total expenses</b>	<b>\$ 93,161</b>	<b>\$ 83,598</b>	<b>\$ 38,955</b>	<b>\$ 34,182</b>	<b>\$ 132,116</b>	<b>\$ 117,780</b>
Increases in net assets						
before transfers	\$ 17,440	\$ 34,030	\$ 24,451	\$ 32,280	\$ 41,891	\$ 66,310
Transfers	-	-	-	-	-	-
Increase in net assets	17,440	34,030	24,451	32,280	41,891	66,310
Net assets - beginning	323,417	289,387	248,553	216,273	571,970	505,660
<b>Net assets - ending</b>	<b>\$ 340,857</b>	<b>\$ 323,417</b>	<b>\$ 273,004</b>	<b>\$ 248,553</b>	<b>\$ 613,861</b>	<b>\$ 571,970</b>

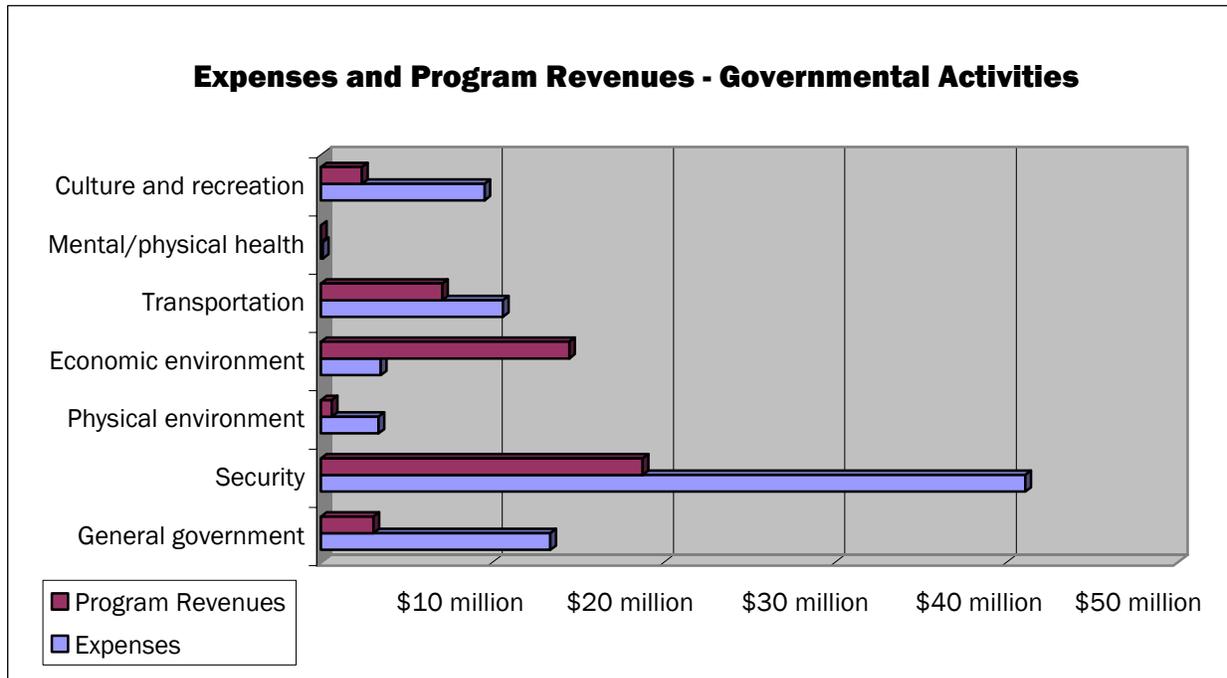
**CITY OF REDMOND**

**Governmental activities** contributed \$17,439,550 of the total change in net assets of \$41,891,313. The increase in net assets in 2008 was lower than the change in net assets for 2007 by \$24,047,705.

Key elements of the 2008 increase are as follows:

- The City's cash and investments increased by \$19,793,373 due primarily to the new bond offering to finance the Bear Creek Parkway expansion project. The cash received was \$35,063,583 of which \$15,528,958 was expended for the purchase of land for the expansion.
- The Bear Creek bond offering was also the reason for the \$33,560,083 or 70.96% increase in governmental debt. The City's government debt related to bonds, excluding special assessment debt, increased \$45,352,222 from 2007 to 2008. Total outstanding bonded debt, loans, compensated absences and long-term contracts at year end totaled \$92,938,530. This is a 94% increase from 2007.
- Equipment increased by \$2,107,953 from 2007 to 2008. This increase was primarily due to fire department purchases of a new triple pumper truck. The cost of the truck was \$1,550,037.
- The total revenue decreased between 2007 and 2008 by \$5,575,048. The decrease was due primarily to a decrease in tax revenue of \$6,014,737 as well as a decrease in permits and licenses of \$1,623,399. The increase of \$3,067,123 in charges for services helped reduce the decline in the other areas. A significant factor in the decline in tax revenues during 2008 as compared to 2007 was a "one-time" audit recovery of sales tax revenues during 2007 of just over \$4 million. Notwithstanding this audit recovery, sales taxes grew slightly in 2008.
- Total expenditures showed an increase of \$19,562,599. The biggest contributor to this increase was the \$15,967,140 in capital outlay. This includes land purchases and other capital outlay related to the Bear Creek Parkway expansion which is scheduled for completion in 2009.

The graph that follows compares program revenues to program expenses and illustrate the revenues by source separately for the governmental activities for 2008.



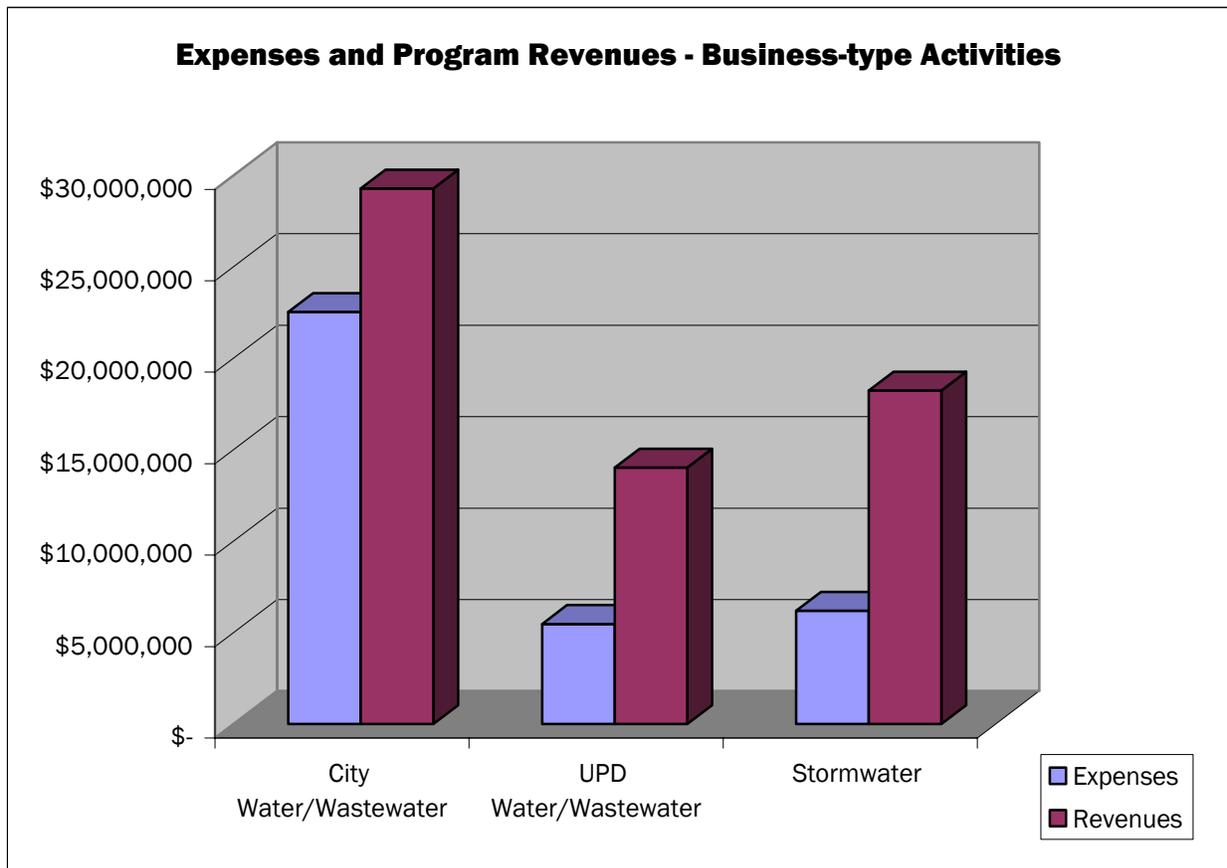
**CITY OF REDMOND**

**Business-type activities** of the City's utilities increased the City of Redmond's net assets by \$24,451,763 or 58.37% of the total change of net assets of \$41,891,313. Business-type activities accounts for 44.47% of the City's net assets.

Key elements of this increase are as follows:

- The investments in capital assets increased \$15,628,073 or 7.35% between 2007 and 2008. This increase accounts for 63.91% of the total increase in capital assets.
- The increase of \$11,928,797 in liabilities is due to the bond offering for capital projects in the Water/Wastewater Utility. The utilities did not have long-term debt in the preceding several years (dating to 2002).
- Both the Water/Wastewater and the UPD Water/Wastewater utilities show operating losses of \$1,538,984 and \$810,071 respectively. This loss is attributed to a few factors. First is the decrease in revenue of \$1,697,962 which is teamed with an increase in the expense of purchasing water of \$2,306,105. However, when non-operating income and capital contributions are included, the net income is \$3,199,585 and \$7,703,600 for the Water/Wastewater and the UPD Water/Wastewater utilities respectively.
- Investment earnings for the business-type activities had a modest increase of \$72,683 over 2007. This increase is much lower than prior years due in part to the sluggish investment market in the latter part of 2008.

The graph that follows compares program revenues to program expenses and illustrate the revenues by source separately for the business-type activities for 2008.



**City of Redmond's Capital Assets (net of depreciation)**

The City continued to make large investments in capital assets in 2008 as reflected in the following table. The increase from 2007 to 2008 was \$52,431,540 or 10.76%.

Governmental activities increased \$31,614,447 partially made up of:

- Grasslawn Park Improvements totaled \$3,730,518 in 2008.
- RITS Phase 5 increased \$1,252,054 for a year-end closing total of \$1,531,319.
- Development Agreement with Microsoft for construction of the NE 36<sup>th</sup> Street overpass increased \$1,813,942 for a year-end closing total of \$3,368,797.
- Police Evidence Area increased \$1,178,064 for a year-end closing total of \$2,576,391.

Business-Type Activities reflected an increase of \$20,817,093 partially made up of:

- Completion of Well #3 with a capitalized cost of \$6,851,843.
- Completion of Education Hill Tank Upgrades with a capitalized cost of \$1,667,822.
- Wells 1 & 2 had a year-end closing balance of \$3,404,072.
- Well 3 had a year-end closing balance of \$3,676,692.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 69,567,875	\$ 53,841,445	\$ 7,393,355	\$ 7,292,365	\$ 76,961,230	\$ 61,133,810
Buildings/ Bldg. Improvements	54,432,657	55,810,300	24,063,241	18,746,910	78,495,898	74,557,210
Improvements other than buildings	18,754,915	16,401,787	189,864,840	176,610,985	208,619,755	193,012,772
Machinery and equipment	12,511,615	10,390,749	331,618	251,902	12,843,233	10,642,651
Construction in progress	20,702,608	19,826,014	12,230,046	10,163,845	32,932,654	29,989,859
Infrastructure	129,504,015	117,600,617	-	-	129,504,015	117,600,617
Art	309,981	298,307	-	-	309,981	298,307
<b>Total</b>	<b>\$ 305,783,666</b>	<b>\$ 274,169,219</b>	<b>\$ 233,883,100</b>	<b>\$ 213,066,007</b>	<b>\$ 539,666,766</b>	<b>\$ 487,235,226</b>

Additional information on the City of Redmond's capital assets can be found in Note 8 of this report.

**Long-term debt**

At the end of 2008, the City of Redmond had total bonded debt outstanding of \$84,740,000 which is an increase of \$43,623,616. Of this amount, \$72,455,000 is general obligation bonds (City Hall, Bear Creek Parkway, and 1994 Refunding Bonds); \$530,000 is special assessment debt with governmental commitment; and the balance of \$11,755,000 is revenue bonded debt for the water/wastewater utility.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 72,455,000	\$ 40,531,384	\$ -	\$ -	\$ 72,455,000	\$ 40,531,384
Special assessment debt with governmental commitment	530,000	585,000	-	-	530,000	585,000
Revenue bonds	-	-	11,755,000	-	11,755,000	-
Total	\$ 72,985,000	\$ 41,116,384	\$ 11,755,000	\$ -	\$ 84,740,000	\$ 41,116,384

For further details related to the outstanding debt please refer to Note 13 in the document.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Redmond's finances for readers with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, may be addressed to the Finance Director, City of Redmond, PO Box 97010, Redmond, WA 98073-9710.

**Statement of Net Assets**

December 31, 2008

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,851,921	\$ 3,164,545	\$ 27,016,466
Cash with outside agencies	10,000	-	10,000
Investments (Note 4)	96,136,697	38,210,678	134,347,375
Receivables:			
Taxes	4,991,134	-	4,991,134
Accounts	2,099,566	3,312,204	5,411,770
Interest	1,404,726	466,607	1,871,333
Special assessments	118,687	-	118,687
Due from other governments	4,442,685	589,146	5,031,831
Due from Firemen's Pension Fund	550,816	-	550,816
Internal balances	(583,949)	583,949	-
Inventory	36,342	92,121	128,463
Deferred charges	221,326	515,627	736,953
Prepaid Insurance	395,114	-	395,114
Prepays	328,862	-	328,862
Restricted assets:			
Deposit cash	133,742	666,443	800,185
Deposit investments	2,038,572	-	2,038,572
Capital project bond fund cash	-	6,510,233	6,510,233
Revenue bond redemption investments	-	1,175,500	1,175,500
Capital assets (Note 8):			
Land, artwork, construction in progress	90,580,464	19,623,401	110,203,865
Depreciable capital assets, net	215,203,202	214,259,699	429,462,901
<b>Total Assets</b>	<u>441,959,907</u>	<u>289,170,153</u>	<u>731,130,060</u>
<b>LIABILITIES</b>			
Payables:			
Accounts/claims	6,614,222	2,512,713	9,126,935
Employee wages	2,281,900	250,199	2,532,099
Interest	147,031	44,757	191,788
Due to other governments	787,912	6,970	794,882
Unearned revenues	8,811,743	6,240	8,817,983
Customer deposits	2,172,314	666,443	2,838,757
Noncurrent liabilities (Note 13):			
Due within one year	5,395,835	1,032,835	6,428,670
Due in more than one year	74,362,535	11,645,348	86,007,883
Special assessment debt with governmental commitment	530,000	-	530,000
<b>Total Liabilities</b>	<u>101,103,492</u>	<u>16,165,505</u>	<u>117,268,997</u>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt (Note 8):	238,894,739	228,193,250	467,087,989
Restricted for:			
Advanced Live Support	110,501	-	110,501
Cable Access	1,233,903	-	1,233,903
Parks	699,470	-	699,470
Police	1,301,854	-	1,301,854
Fire	1,127,251	-	1,127,251
Debt service	1,525,809	1,175,500	2,701,309
Capital Projects	17,772,386	6,510,233	24,282,619
Tourism	432,222	-	432,222
Unrestricted	77,758,280	37,125,665	114,883,945
<b>Total Net Assets</b>	<u>\$ 340,856,415</u>	<u>\$ 273,004,648</u>	<u>\$ 613,861,063</u>

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

**Statement of Activities (for the year ended December 31, 2008)**

FUNCTION/PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 14,823,292	\$ 3,065,640	\$ -	\$ -	\$ (11,757,652)	\$ -	\$ (11,757,652)
Security	40,940,081	13,880,779	4,889,783	-	(22,169,519)	-	(22,169,519)
Physical environment	3,961,940	379,441	241,216	-	(3,341,283)	-	(3,341,283)
Economic environment	3,689,390	14,255,712	237,797	-	10,804,119	-	10,804,119
Transportation	16,501,409	432,612	1,539,084	5,109,390	(9,420,323)	-	(9,420,323)
Mental/physical health	97,369	-	-	-	(97,369)	-	(97,369)
Culture and recreation	11,104,119	1,793,238	474,690	130,441	(8,705,750)	-	(8,705,750)
Interest on long-term debt	2,045,034	-	-	-	(2,045,034)	-	(2,045,034)
Total governmental activities	<u>93,162,634</u>	<u>33,807,422</u>	<u>7,382,570</u>	<u>5,239,831</u>	<u>(46,732,811)</u>	<u>-</u>	<u>(46,732,811)</u>
Business-type activities							
Water/Wastewater	26,466,876	24,959,583	-	4,313,997	-	2,806,704	2,806,704
UPD Water/Wastewater	5,908,065	5,097,994	19,036	8,903,785	-	8,112,750	8,112,750
Stormwater	6,580,187	10,714,798	-	7,517,118	-	11,651,729	11,651,729
Total business-type activities	<u>38,955,128</u>	<u>40,772,375</u>	<u>19,036</u>	<u>20,734,900</u>	<u>-</u>	<u>22,571,183</u>	<u>22,571,183</u>
<b>Total government</b>	<u>\$ 132,117,762</u>	<u>\$ 74,579,797</u>	<u>\$ 7,401,606</u>	<u>\$ 25,974,731</u>	<u>(46,732,811)</u>	<u>22,571,183</u>	<u>(24,161,628)</u>
GENERAL REVENUES							
Taxes							
Property					18,589,196	-	18,589,196
Sales					20,675,360	-	20,675,360
Business and Occupation					16,122,323	-	16,122,323
Excise					2,869,313	-	2,869,313
Liquor					586,467	-	586,467
Timber Harvest					13	-	13
Unrestricted investment interest					4,087,319	1,740,473	5,827,792
Miscellaneous					1,121,435	140,107	1,261,542
Gain on sale of capital assets					120,935	-	120,935
Total general revenues					<u>64,172,361</u>	<u>1,880,580</u>	<u>66,052,941</u>
Change in net assets					17,439,550	24,451,763	41,891,313
Net assets-beginning					323,416,865	248,552,885	571,969,750
<b>Net assets-ending</b>					<u>\$ 340,856,415</u>	<u>\$ 273,004,648</u>	<u>\$ 613,861,063</u>

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

**Balance Sheet – Governmental Funds**

December 31, 2008

	General	Capital Improvements Program Fund	Other Governmental Funds	Governmental Funds Total
<b>ASSETS</b>				
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
<b>Total Assets</b>	<b>\$ 24,347,893</b>	<b>\$ 56,913,655</b>	<b>\$ 42,176,434</b>	<b>\$ 123,437,982</b>
<b>LIABILITIES AND FUND BALANCES</b>				
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
<b>Total Liabilities</b>	<b>8,170,710</b>	<b>9,529,711</b>	<b>2,047,233</b>	<b>19,747,654</b>
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
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,347,893</b>	<b>\$ 56,913,655</b>	<b>\$ 42,176,434</b>	

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

Page 1 of 2

For the year ended December 31, 2008

	General Fund	Capital Improvements Program Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
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
<b>Total Revenues</b>	<b>65,824,304</b>	<b>14,471,926</b>	<b>25,202,165</b>	<b>105,498,395</b>
<b>EXPENDITURES</b>				
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
<b>Total Expenditures</b>	<b>58,929,204</b>	<b>45,380,873</b>	<b>18,501,937</b>	<b>122,812,014</b>
Excess (deficiency) of revenues over (under) expenditures	6,895,100	(30,908,947)	6,700,228	(17,313,619)
<b>OTHER FINANCING SOURCES (USES)</b>				
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
<b>Net change in fund balances</b>	<b>1,492,401</b>	<b>10,530,827</b>	<b>5,969,105</b>	<b>17,992,333</b>
Fund balances-beginning	14,684,782	36,853,117	34,160,096	85,697,995
<b>Fund balances-ending</b>	<b>\$ 16,177,183</b>	<b>\$ 47,383,944</b>	<b>\$ 40,129,201</b>	<b>\$ 103,690,328</b>

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

Page 2 of 2

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)
<b>REVENUES</b>				
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)
<b>Total Revenues</b>	<b>123,782,255</b>	<b>125,793,698</b>	<b>137,226,188</b>	<b>11,432,490</b>
<b>EXPENDITURES</b>				
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)
<b>Total Expenditures</b>	<b>109,617,094</b>	<b>119,002,456</b>	<b>115,794,281</b>	<b>3,208,175</b>
Excess (deficiency) of revenues over (under) expenditures	14,165,161	6,791,242	21,431,907	14,640,665
<b>OTHER FINANCING SOURCES (USES)</b>				
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	-
<b>Fund balance-ending</b>	<b>\$ 2,628,054</b>	<b>\$ 912,692</b>	<b>\$ 16,177,183</b>	<b>\$ 15,264,491</b>

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

## Statement of Net Assets Proprietary Funds

Page 1 of 2

December 31, 2008

	<b>Business-type Activities- Enterprise Funds</b>				Government
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Activities - Internal Service Funds
<b>ASSETS</b>					
<b>Current assets:</b>					
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
<b>Restricted assets</b>					
<b>Customer deposits:</b>					
Cash and cash equivalents	346,028	309,358	11,057	666,443	4
<b>Capital project bond funds:</b>					
Cash and cash equivalents	6,510,233	-	-	6,510,233	-
<b>Revenue bond redemption:</b>					
Investments	1,175,500	-	-	1,175,500	-
<b>Total current assets</b>	<b>19,991,449</b>	<b>8,000,553</b>	<b>26,195,475</b>	<b>54,187,477</b>	<b>12,768,594</b>
<b>Noncurrent assets:</b>					
Deferred charges	510,109	5,518	-	515,627	-
<b>Capital assets:</b>					
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)
<b>Total capital assets</b> (net of depreciation)	<b>131,124,926</b>	<b>63,657,089</b>	<b>39,101,085</b>	<b>233,883,100</b>	<b>5,315,338</b>
<b>Total noncurrent assets</b>	<b>131,635,035</b>	<b>63,662,607</b>	<b>39,101,085</b>	<b>234,398,727</b>	<b>5,315,338</b>
<b>Total Assets</b>	<b>151,626,484</b>	<b>71,663,160</b>	<b>65,296,560</b>	<b>288,586,204</b>	<b>18,083,932</b>

CITY OF REDMOND

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

	<b>Business-type Activities- Enterprise Funds</b>				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
<b>LIABILITIES</b>					
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	-
<b>Total current liabilities</b>	<b>3,099,147</b>	<b>967,810</b>	<b>453,200</b>	<b>4,520,157</b>	<b>1,505,865</b>
Noncurrent liabilities:					
Revenue bonds payable, net	11,549,727	-	-	11,549,727	-
Compensated absences	55,113	6,265	34,243	95,621	33,276
<b>Total noncurrent liabilities</b>	<b>11,604,840</b>	<b>6,265</b>	<b>34,243</b>	<b>11,645,348</b>	<b>33,276</b>
<b>Total Liabilities</b>	<b>14,703,987</b>	<b>974,075</b>	<b>487,443</b>	<b>16,165,505</b>	<b>1,539,141</b>
<b>NET ASSETS</b>					
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
<b>Total Net Assets</b>	<b>\$ 136,922,497</b>	<b>\$ 70,689,085</b>	<b>\$ 64,809,117</b>	<b>272,420,699</b>	<b>\$ 16,544,791</b>
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

	<b>Business-type Activities- Enterprise Funds</b>				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>
<b>Total net assets - ending</b>	<u><b>\$ 136,922,497</b></u>	<u><b>\$ 70,689,085</b></u>	<u><b>\$ 64,809,117</b></u>	<u><b>272,420,699</b></u>	<u><b>\$ 16,544,791</b></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><b>\$ 24,451,763</b></u></u>	

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

## Statement of Cash Flows Proprietary Funds

Page 1 of 2

For the year ended December 31, 2008

	<b>Business-type Activities- Enterprise Funds</b>				Government Activities - Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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)
<b>Net cash provided (used) by operating activities</b>	<b>2,452,504</b>	<b>(447,876)</b>	<b>4,970,285</b>	<b>6,974,913</b>	<b>1,926,831</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grant Proceeds	-	19,036	-	19,036	-
Transfers in	-	-	-	-	36,411
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>19,036</b>	<b>-</b>	<b>19,036</b>	<b>36,411</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
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)	-
<b>Net cash provided (used) for capital and related financing activities</b>	<b>1,971,809</b>	<b>(51,991)</b>	<b>4,622,911</b>	<b>6,542,729</b>	<b>(1,120,886)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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
<b>Net cash provided (used) in investing activities</b>	<b>697,114</b>	<b>(727,508)</b>	<b>(11,718,498)</b>	<b>(11,748,892)</b>	<b>(2,638,906)</b>
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
<b>Cash and cash equivalents-end of year</b>	<b>\$ 8,402,018</b>	<b>\$ 687,196</b>	<b>\$ 1,252,007</b>	<b>\$ 10,341,221</b>	<b>\$ 1,707,387</b>

**CITY OF REDMOND**

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

	<b>Business-type Activities- Enterprise Funds</b>				Government
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Activities - Internal Service Funds
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
<b>Total cash at end of year</b>	<b>\$ 8,402,018</b>	<b>\$ 687,196</b>	<b>\$ 1,252,007</b>	<b>\$ 10,341,221</b>	<b>\$ 1,707,387</b>

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)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,452,504</b>	<b>\$ (447,876)</b>	<b>\$ 4,970,285</b>	<b>\$ 6,974,913</b>	<b>\$ 1,926,831</b>

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
<b>ASSETS</b>		
Cash and cash equivalents	\$ 39,078	\$ 882,464
Invested in Federal Agency Notes	678,227	-
Receivables:		
Accounts	-	4
Interest	7,876	-
<b>Total Assets</b>	725,181	882,468
<b>LIABILITIES</b>		
Due to other governments	-	10,763
Custodial	-	36,981
Trust account	-	834,724
<b>Total Liabilities</b>	-	\$ 882,468
<b>NET ASSETS</b>		
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
<b>Net assets-ending</b>	<b>\$ 725,181</b>

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

**NOTE 1:**  
**Summary of Significant Accounting Policies**

The City of Redmond was incorporated on December 31, 1912 and operates under the laws of the State of Washington applicable to a Non-Charter Mayor/Council form of government (elected Mayor and City Council composed of seven members). Both Mayor and Council are elected to four-year terms. The City provides general government services including public safety, highways and streets, parks and recreation, planning and zoning, permits and inspection, sanitation, general administrative, and water and wastewater services.

The accounting and reporting policies of the City of Redmond conform to generally accepted accounting principles for governments, and are regulated by the Washington State Auditor's Office.

The City's significant accounting policies are described in the following notes. The City's Comprehensive Annual Financial Report is prepared in accordance with Governmental Accounting Standards Board Statement 49.

**Reporting Entity**

The City's Comprehensive Annual Financial Report (CAFR) includes the financial statements for the City of Redmond and its component units, entities for which the City is considered to be financially accountable. The City has two blended component units, the Redmond Public Corporation and Redmond Community Properties. Although legally separate entities blended component units are, in substance, part of the City's operations. (See Note 15 for descriptions.)

**Basic Financial Statements**

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Under the modified accrual basis of accounting, property taxes, sales taxes, utility taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Grant revenue is recognized for cost reimbursement grants when the expenditure occurs in accordance with GASB Statement 33. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue. Entitlement grant revenue is not tied to expenditures and is recognized when the City is entitled to receive it according to the grant agreement. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### Financial Statement Presentation

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund.

The **Capital Improvements Program Fund** accounts for financial resources to be used for the acquisition, construction, and preservation of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The **Water/Wastewater Fund** accounts for the activities of providing water and sewer services to its citizens.

The **UPD Water/Wastewater Fund** accounts for the activities of providing water and sewer services to an urban planned development outside the city limits. Both of these utilities' operations are self-supported through user charges.

The **Stormwater Management Fund** accounts for the operation, construction, and maintenance of the City's stormwater management system. The utility's operations are self-supported through fees.

Additionally, the City reports the following fund types:

**Internal service funds** account for fleet maintenance, information technology, and insurance services provided to other departments of the City on a cost reimbursement basis, and for the activities of Redmond Community Properties, a blended component unit of the City.

**Agency funds** account for assets held by the City as an agent for private individuals or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. The City has three Agency Funds: Intergovernmental Custodial, Municipal Employees Benefit Trust, and Contractor's Deposits.

The **Pension Trust Fund** accounts for the activities of the **Firemen's Pension Fund**, which accumulates resources for excess pension benefit payments to qualified firefighters.

**Special Revenue Funds** are used to account for specific revenues that are restricted to or reserved for expenditures for particular purposes.

**Debt Service Funds** account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

**Capital Projects Funds** account for the acquisition or construction of capital facilities (except for those financed primarily by utility funds). These funds are financed primarily by general obligation bonds, special assessments, federal and state grants and contributions from other funds.

The City does not have any permanent funds.

The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses of the functional categories are included in the government-wide statement of activities while indirect expense allocations are eliminated. Indirect expenses are primarily charged to the various functions through the use of internal service funds for fleet maintenance and information technology. Elimination of payments to internal service funds are treated as expense reductions. No other indirect expenses are allocated to the various governmental functions. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility funds and internal service funds are charges to customers for sales and services, vehicle replacement, and insurance. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **Budgets and Budgetary Accounting**

The City of Redmond budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34. In compliance with the code, budgets for all funds are established with the exception of the LID Control and the LID Guaranty Debt Service Funds, and Fiduciary funds. Budgets established for proprietary funds are "management budgets" and as such are not required to be reported in this report.

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level for all funds. Expenditures and other financing uses may not exceed budgeted appropriations at

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these levels. The Mayor may authorize transfers within all funds. The City Council must approve by ordinance any additional appropriations which increase the total at the fund level. Any unexpended appropriation balances lapse at the end of the biennium.

In addition to authorizing the budget, the City Council biennially approves the Capital Improvement Program. This is a six year plan for capital project expenditures and anticipated revenue sources. Expenditures and revenues for these projects are budgeted in the Capital Projects Funds and Enterprise Funds.

The City prepares all biennial budgets on the modified accrual basis which conforms to generally accepted accounting principles. The CAFR includes budgetary comparisons for the general and capital projects governmental funds with legally adopted budgets.

The budget process and the time limits under which a budget must be developed are established by State law. The City follows the procedures outlined below in the year preceding the first year of the two year budget to establish its biennial budget:

- In spring, the Mayor meets with department heads to prepare for the upcoming budget process. The Mayor develops and submits a budget calendar to the City Council for approval.
- In June, the City Clerk publishes notice for the first public hearing.
- Throughout the summer, City staff create budget offers and review revenue and expenditure estimates.
- In October, preliminary budget estimates are made available to the public.
- Sixty days before the ensuing fiscal year, the Mayor files the preliminary budget with the City Clerk's office.
- During the first two weeks of November, the Clerk publishes notice of the filing of the preliminary budget and publishes notice of public hearings.
- The City Council holds a series of study sessions to review the preliminary budget to determine if they wish to make any modifications to the Mayor's recommended programs.
- Public hearings are held prior to the adoption of the budget for the public to comment on recommended programs and to offer ideas for new programs.
- Prior to the beginning of the first calendar year of the biennial budget, the City Council, by a majority of the members present, adopts a final operating budget by ordinance.
- The Final Budget document is printed and distributed after adoption.

## **Assets, Liabilities, and Net Assets or Equity**

### **Cash and Investments**

It is the City's policy to invest temporary cash surpluses. These investments are reported on the statement of net assets and the governmental funds balance sheet as cash and cash equivalents or investments. Included in cash and cash equivalents are currency on hand, demand deposits with banks or other financial institutions, investments with the Local Government Investment Pool, investments in U.S. Government Mutual Funds and investments with original maturities of three months or less. Interest is allocated to each fund on the basis of investments owned.

In accordance with City policy and Washington State law, authorized investment purchases include Certificates of Deposit with financial institutions qualified by the Washington Public Deposit Protection Commission, US Treasury and Agency Securities, bankers' acceptances, bonds of Washington state and any local government in Washington state which have, at the time of purchase, one of the three highest credit ratings of a nationally

## **CITY OF REDMOND**

recognized rating agency, repurchase agreements, the State Investment Pool (which is a 2a7 pool), and mutual funds used specifically for debt issues related to arbitrage.

The City reports its deposit and investment risk disclosures in accordance with GASB 40 (see Note 4).

In accordance with GASB 31, investments in external 2a7-like pools, money market investments, and participating interest-earning investment contracts with remaining maturities of one year or less at the time of purchase are stated at amortized cost. All other investments including the Firemen's Pension Fund are stated at fair value.

### **Receivables**

The City of Redmond recognizes receivables in its financial statements based on the accounting requirements for that statement. These receivables are as follows:

#### **Property Taxes**

Uncollected property taxes levied for the current year are reported as receivable at year-end. The City's property tax collections records show that approximately 99% of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years. When property taxes become three years delinquent, the County is required by State statute to foreclose on the property. Historically, all taxes have been collected, therefore no allowance for uncollectible taxes is recorded.

#### **Sales Taxes**

Sales taxes collected in November and December are not remitted by the state to the City until January and February of the following year, and are reported as receivables at year end. There is a running two-month lag in remittance of sales tax. There is no allowance for uncollectible sales taxes because all sales taxes are required by law to be collected by businesses at the time of sale and remitted to the state.

#### **Investment Interest**

Interest receivable consists of interest earned on investments at the end of the year, accrued interest on investments purchased between interest dates, and accrued interest and penalties on special assessments receivable. In proprietary funds and the government-wide statement of net assets investment interest is recorded as receivable, regardless of its payment date. In the governmental fund statements and schedules investment interest is recorded as receivable if it will be paid to the City within 60 days of year end.

#### **Special Assessments**

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable in the governmental fund statements consist of current assessments which are due within 60 days, delinquent assessments remaining unpaid after the due date, and deferred, uncollected assessments which have been levied, but are not due within 60 days. Special assessments receivable in the statement of net assets include all uncollected assessments regardless of due date.

#### **Accounts Receivable**

Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided. Unbilled services provided to utility customers are estimated at year end and included in accounts receivable. Uncollectible amounts are considered immaterial and the direct write-off method is used.

### **Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances

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between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**Inventories**

Inventories are defined as assets which may be held for internal consumption or for resale. The City uses the following policies in valuing and recording inventory items:

In proprietary funds a perpetual inventory is maintained, in which the cost is held in an asset account when inventory items are purchased, and expensed when the item is consumed. The first-in, first-out valuation method, which approximates market, is used to value the inventory. A physical inventory is taken at year-end. No inventory is maintained in governmental funds; however, the internal service fund inventories are included in the “Governmental Activities” on the Statement of Net Assets.

**Restricted Assets**

Restricted assets include those monies reserved for customer’s deposits.

**Deferred Charges**

Deferred charges in the Water/Wastewater Fund are amortized under guidance provided by FASB 71 and consist of a water comprehensive plan and a sewer comprehensive plan which will be amortized and charged to expense over a five year period; and the Tolt Pipeline project and the Tolt Meter project with the City of Seattle. Issuance costs for the 2008 revenue bonds are also being amortized.

Deferred charges in the governmental activities consist of issuance costs for the two bond offerings in 2008.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds. Capital assets are defined by the City as land and buildings with an original cost of \$50,000 or more each, machinery, equipment, software and other improvements with an original cost of \$10,000 or more each and an estimated useful life of more than one year; and all vehicles, artwork, transportation and utility infrastructure, regardless of their initial cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land, construction in progress, and works of art are not depreciated. Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings/Building Improvements	50
Other improvements	15-50
Vehicles	3-15
Machinery and equipment	6-20
Utility infrastructure	10-100
Streets, paths, trails	50
Street lights and traffic signals	30

### **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time in lieu of overtime, and sick leave benefits. Twenty-five percent of unused sick leave is payable at retirement or death. Any outstanding sick leave is lost at resignation; therefore, outstanding sick leave at year end is not accrued because the payment cannot be deemed probable nor can the amount be reasonably estimated. All vacation and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### **Other Post-Employment Benefits**

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contribution is reported in the Statement of Net Assets. The actual medical costs are reported as expenditures in the year they are incurred.

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2:**  
**Stewardship, Compliance and Accountability**

During 2008, there have been no material violations of finance-related legal or contractual provisions.

**NOTE 3:**  
**Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of aggregated differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between total fund balance and total net assets as reported in the government-wide statement of net assets. The details of the aggregated differences are presented below.

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Unearned special assessment revenue due beyond the City's 60-day measurable and available period	\$ 87,893
Excess payments to pension plan	550,816
Investment interest accrued beyond the City's 60-day measurable and available period	696,718
Deferred charge for bond issue costs	221,326
Net adjustment to increase fund balance - total governmental funds to arrive at net assets of governmental activities	<u>\$ 1,556,753</u>

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:

G.O Bonds payable	\$ (72,455,000)
Unamortized bond premiums	(1,292,432)
Special assessment bonds payable	(530,000)
Loans payable	(1,495,339)
Accrued interest payable	(147,031)
Compensated absences	(3,142,648)
Other post-employment benefits	(1,206,570)
Due to business-type activities - charges by internal service funds in excess of cost	(583,949)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (80,852,969)</u>

**Explanation of aggregated differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The details of the aggregated differences are presented below.

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Developer/Private asset contributions	\$ 4,426,294
Change in unearned special assessment revenue	(211,833)
Change in investment interest receivable due beyond the City's 60 day measurable and available period	(119,547)
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net assets of governmental activities	<u>\$ 4,094,914</u>

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt issued:	
General obligation bond proceeds	\$ (35,250,000)
Premiums	(1,309,916)
Issuance costs	224,627
Principal repayments:	
General obligation bonds	2,021,384
LID bonds repayment	55,000
Public Works Trust Fund loans repayment	371,717
Payment to escrow agent for refunding	1,305,000
Net adjustment to decrease net change in fund balances - governmental funds to arrive at change in net assets of governmental activities	<u>\$ (32,582,188)</u>

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:

Change in accrued interest payable	\$ (96,997)
Amortization of debt issue costs	(14,465)
Amortization of debt discounts and premiums	(3,964)
Change in compensated absences payable	(205,711)
Change in other post-employment benefits payable	(370,837)
Loss on sale of capital assets	(27,243)
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net assets of governmental funds	<u>\$ (719,217)</u>

**NOTE 4:**  
**Cash and Investments**

The City of Redmond's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City's deposits. The deposit balances over \$250,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro rata basis to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a loss.

As of December 31, 2008 the carrying amount of the City's cash demand deposits with Bank of America (B of A) was \$2,889,830 and the in-transit items were (\$90,805). Seized cash on deposit at B of A awaiting court decisions totaled \$5,445. The carrying amount and bank balance of the City's cash demand deposits at U.S. Bank at December 31, 2008 was \$241,758. \$811,064 retained from contractors pending acceptance of City construction projects was held in escrow or savings accounts at various banks. \$426,158 is held by Redmond Community Properties, a blended component unit of the City. Petty cash totaled \$33,500, of which \$32,720 was allocated to various City offices and \$780 was unallocated and remains in the City's demand deposit account at Bank of America. \$10,000 is held by the City of Bellevue for use by the Eastside Narcotics Task Force. The City maintains a separate account at B of A for proceeds from the 2008 Revenue Bond issuance. The money is transferred to the City's general fund as funds are spent. The balance at December 31, 2008 was \$6,515,444. The City held \$1,125,000 in money market funds at Bank of America.

The Local Government Investment Pool (LGIP) is an unrated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP's name. The fair value of the City's pool investments is determined by the pool's share price. The City has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of the State Auditor, an independently elected public official. The City includes the LGIP as an investment for internal tracking, but it is disclosed on the financial statements as a cash equivalent.

As of December 31, 2008, the City had the following investments and maturities:

Investment Type	Investment maturities in years		
	Fair Value	Less Than 1 year	1 to 5 years
Federal Home Loan Bank	\$ 12,164,690	\$ 4,041,560	\$ 8,123,130
Federal Farm Credit Bank	5,980,199	1,027,190	4,953,009
Federal National Mortgage Association	26,167,326	2,005,000	24,162,326
Federal Home Loan Mortgage Corporation	31,068,254	-	31,068,254
Certificates of Deposit	62,859,203	55,886,314	6,972,889
Subtotal Investments	<u>138,239,672</u>	<u>62,960,064</u>	<u>75,279,608</u>
Local Government Investment Pool	23,291,818	23,291,818	-
Total	<u>\$ 161,531,490</u>	<u>\$ 86,251,882</u>	<u>\$ 75,279,608</u>

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

**Credit Risk.** State law and City policy limit investments to those authorized by state statute including commercial paper and bonds of the State of Washington and any local government in the State of Washington which have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency. The City further limits its holdings in commercial paper to 10% of the portfolio and 10% per issuer, and local government bonds to 25% of the portfolio and 10% of issuer. At December 31, 2008 the City held no investments in commercial paper or local government bonds.

Additionally, the City restricts its investment in mutual fund bonds to be used for arbitrage purposes only.

**Concentration of Credit Risk.** The City diversifies its investments by security type and institution. 100% of the City's portfolio may be invested in US Treasury Notes, Bonds or Certificates, US Government Sponsored Corporations, or the State Investment Pool. 50% of the portfolio may be invested in Certificates of Deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth. 25% of the portfolio may be invested in Bankers Acceptances (10% per issuer), State of Washington or Local Government Bonds (10% per issuer), and Repurchase Agreements (25% per dealer). 10% of the portfolio may be invested in Commercial Paper and other authorized investments. On December 31, 2008 more than five percent of the City's investments were in the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

**NOTE 5:  
Budget to GAAP Reconciliation**

**Differences Between 2007-2008 Biennium Budgetary Inflows and Outflows  
and GAAP Revenues and Expenditures**

	General Fund
<b>REVENUES AND OTHER SOURCES:</b>	
Budget and Actual Statement 2007/2008 Biennium	\$ 137,732,553
Less: 2007 Revenues and other sources	71,421,671
Statement of Revenues and Expenditures	66,310,882
 <b>EXPENDITURES AND OTHER USES:</b>	
Budget and Actual Statement 2007/2008 Biennium	\$ 130,613,890
Less: 2007 Expenditures and other uses	65,795,409
Statement of Revenues and Expenditures	\$ 64,818,481

**NOTE 6:  
Receivables**

**Property Taxes**

The King County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed on a daily basis.

**Property Tax Calendar**

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

Property taxes are recorded as a receivable when levied, offset by a deferred revenue. During the year, property tax revenues are recognized when cash is received. At year-end, property tax revenues are recognized for December collections to be distributed by the county treasurer in January and February.

Under Washington State law a city may levy property taxes up to \$3.60 per \$1,000 of assessed valuation.

Redmond's maximum property tax levy rate has been reduced from \$3.60 to \$3.10, or \$.50, as a result of annexing to the King County Library District in May 1990. In addition to the limitation previously noted, the City's levy rate is also subject to the following:

Washington State law in RCW 84.55.010 limits the growth of regular property taxes to one percent per year, after adjustments for new construction and annexations unless an increase greater than this limit is approved by the voters. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.

The Washington State Constitution limits the total 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.

Accordingly, the City levied \$1.44714 per \$1,000 of assessed value for general governmental services, and an additional \$0.02366 per \$1,000 of assessed value for voter approved excess tax levy, for a combined total of \$1.4708 per \$1,000 of assessed value.

**NOTE 7:  
Interfund Receivables and Payables**

The composition of interfund receivables and payables as of December 31, 2008 is as follows:

	Due To	Due From
Operating Reserves Fund	\$ 915,246	\$ -
Advanced Life Support Fund	-	915,246
	\$ 915,246	\$ 915,246

Advanced Life Support services are funded by a property tax levy collected by King County. The City provides the services and bills King County for these services on a cost reimbursement basis. In the interval between the payment of the expenditures by the City and the receipt of the expenditure reimbursement from King County, cash is transferred from the Operating Reserves Fund to the Advanced Life Support Fund to cover payment of these expenditures.

**NOTE 8:**  
**Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 53,841,445	\$ 15,726,430	\$ -	\$ 69,567,875
Construction In Progress	19,826,014	31,588,838	(30,712,244)	20,702,608
Art	298,307	11,674	-	309,981
Total Capital Assets, Not Being Depreciated	<u>73,965,766</u>	<u>47,326,942</u>	<u>(30,712,244)</u>	<u>90,580,464</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	65,368,273	1,631	-	65,369,904
Improvements Other than Buildings	22,001,674	3,301,698	-	25,303,372
Machinery and Equipment	22,607,988	4,029,386	(1,414,820)	25,222,554
Infrastructure	173,985,845	16,128,780	-	190,114,625
Total Capital Assets, Being Depreciated	<u>283,963,780</u>	<u>23,461,495</u>	<u>(1,414,820)</u>	<u>306,010,455</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	9,557,973	1,379,274	-	10,937,247
Improvements Other Than Buildings	5,599,887	948,570	-	6,548,457
Machinery and Equipment	12,217,239	1,871,110	(1,377,410)	12,710,939
Infrastructure	56,385,228	4,225,382	-	60,610,610
Total Accumulated Depreciation	<u>83,760,327</u>	<u>8,424,336</u>	<u>(1,377,410)</u>	<u>90,807,253</u>
Total Capital Assets, Being Depreciated, Net	<u>200,203,453</u>	<u>15,037,159</u>	<u>(37,410)</u>	<u>215,203,202</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 274,169,219</u>	<u>\$ 62,364,101</u>	<u>\$ (30,749,654)</u>	<u>\$ 305,783,666</u>

**Invested in Capital Assets, Net of Related Debt**

Government Type Activities	
Capital assets not being depreciated	\$ 90,580,464
Capital assets being depreciated	306,010,455
Less accumulated depreciation	(90,807,253)
Less GO bonds	(72,455,000)
Less bond premium	(1,292,432)
Unspent bond proceeds	8,353,844
Less Public Works Trust Fund loans	<u>(1,495,340)</u>
Governmental Net Assets, invested in Capital Assets net of related debt	<u>\$ 238,894,738</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,292,365	\$ 100,990		\$ 7,393,355
Construction In Progress	10,163,845	13,132,611	(11,066,410)	12,230,046
Total Capital Assets, Not Being Depreciated	<u>17,456,210</u>	<u>13,233,601</u>	<u>(11,066,410)</u>	<u>19,623,401</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	20,961,279	5,850,070		26,811,349
Improvements Other Than Buildings	213,506,671	17,715,216	(95,277)	231,126,610
Machinery and Equipment	753,114	183,363		936,477
Total Capital Assets, Being Depreciated	<u>235,221,064</u>	<u>23,748,649</u>	<u>(95,277)</u>	<u>258,874,436</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	2,214,369	533,739		2,748,108
Improvements Other Than Buildings	36,895,686	4,461,361	(95,277)	41,261,770
Machinery and Equipment	501,212	103,647		604,859
Total Accumulated Depreciation	<u>39,611,267</u>	<u>5,098,747</u>	<u>(95,277)</u>	<u>44,614,737</u>
Total Capital Assets, Being Depreciated, Net	<u>195,609,797</u>	<u>18,649,902</u>	<u>-</u>	<u>214,259,699</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 213,066,007</u>	<u>\$ 31,883,503</u>	<u>\$ (11,066,410)</u>	<u>\$ 233,883,100</u>

**Invested in Capital Assets, Net of Related Debt**

Business Type Activities	
Capital assets not being depreciated	\$ 19,623,401
Capital assets being depreciated	258,874,436
Less accumulated depreciation	(44,614,737)
Less Revenue bonds	(11,755,000)
Less bond premium	(359,727)
Unspent bond proceeds	6,510,233
Less Public Works Trust Fund Loans	<u>(85,356)</u>
Business Type Net Assets, invested in Capital Assets net of related debt	<u>\$ 228,193,250</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:	
General Government	\$ 1,255,682
Security	941,755
Physical Environment	9,537
Transportation, Including Depreciation of General Infrastructure Assets	4,226,998
Economic Environment	46,465
Culture and Recreation	971,727
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>972,172</u>
<b>Total Depreciation Expense – Governmental Activities</b>	<b>\$ <u><u>8,424,336</u></u></b>
BUSINESS-TYPE ACTIVITIES	
Water/Wastewater	\$ 2,992,242
UPD Water/Wastewater	1,105,258
Stormwater	<u>1,001,247</u>
<b>Total Depreciation Expense – Business-type Activities</b>	<b>\$ <u><u>5,098,747</u></u></b>

The Business-Type Activities also had \$216,309 in amortization expense that is included in the financial statements.

**NOTE 9:  
Pension Plans**

In accordance with GASB Statement No. 27, the following pension plan information is provided. All City full-time employees and part-time employees meeting required eligibility hours participate in one of the following statewide local government retirement systems administered by the Washington State Department of Retirement Systems. Employees of both plans must work a minimum of 70 hours per month.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for each plan. A copy of this report may be obtained at:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia WA 98504-8380

The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3**

The State Legislature established PERS in 1947 under Chapter 41.40 of the Revised Code of Washington (RCW).

**Plan Description**

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; employees of community and technical colleges; college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation (AFC) is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a

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survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. The AFC is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans as of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Nonvested	52,575
<b>Total</b>	<b>255,849</b>

**Funding Policy**

Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees and 7.5% for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

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	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	8.31%**	8.31%**	8.31%***
Employee	6.00%****	5.45%****	*****

- \* The employer rates include the employer administrative expense fee currently set at 0.16%.
- \*\* The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.
- \*\*\* Plan 3 defined benefit portion only.
- \*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.
- \*\*\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City of Redmond and the employees made the required contributions. The City of Redmond's required contributions for the years ended December 31 were as follows:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
2008	\$ 81,108	\$ 1,522,727	\$ 427,579
2007	\$ 77,085	\$ 1,103,783	\$ 285,675
2006	\$ 53,902	\$ 555,010	\$ 149,232
2005	\$ 43,271	\$ 334,823	\$ 86,957

**Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2**

**Plan Description**

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

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<b>Term of Service</b>	<b>Percent of Final Average Salary</b>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Nonvested	3,708
<b>Total</b>	<b>26,330</b>

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	<b>LEOFF Plan 1</b>	<b>LEOFF Plan 2</b>
Employer*	0.16%	5.46%
Employee	0.00%	8.83%
State	N/A	3.53%

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

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Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	<b>LEOFF Plan 1</b>	<b>LEOFF Plan 2</b>
2008	\$ 714	\$ 1,060,013
2007	\$ 1,073	\$ 1,037,995
2006	\$ 1,135	\$ 723,205
2005	\$ 1,379	\$ 585,695

**Public Safety Employees' Retirement System (PSERS) Plan 2**

**Plan Description**

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 Legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A **covered employer** is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least ten years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

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There are 71 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	-
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Nonvested	2,755
<b>Total</b>	<b>2,755</b>

**Funding Policy**

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	<b>PSERS Plan 2</b>
Employer*	9.43%
Employee	6.57%

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	<b>PSERS Plan 2</b>
2008	\$ 21,482
2007	\$ 16,864
2006	\$ 3,070

**Firemen's Pension Plan**

The City is the administrator of the Firemen's Pension Plan (FPP), a closed, single-employer defined benefit pension plan established in conformance with Revised Code of Washington (RCW) 41.18. The costs of administering the Plan are paid from the Firemen's Pension Fund. The Plan provided retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Retirement benefit provisions are established in state statute and may be amended only by the State Legislature. Membership is limited to firefighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Plan consists of paying the difference between pension and medical benefits provided by LEOFF and those provided by the FPP for covered firefighters who retire after March 1, 1970. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. Membership in the FPP consists of one deceased and four retired firefighters, one of whom is currently receiving benefits.

The benefits provided by the Plan are potentially in excess of the State's LEOFF plan. For funding purposes and accruing costs, the benefits are measured by a modified aggregate projected benefit method, with the

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annual cost spread over the period ending December 31, 2010. Under this method, the required contribution is the portion of the actuarial present value of benefits allocated to a valuation year. The actuarial accrued liability is equal to the actuarial value of assets. This cost method is not appropriate for GASB Statements 25 and 27 purposes though it is still recommended for funding purposes. For GASB purposes, the entry age normal cost method is used. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since all members have already retired, the amount of the annual Normal Cost is small. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Liability minus the actuarial value of the fund assets. The UAAL will be amortized over a closed 30 year period beginning December 31, 2000. The Plan is a closed off plan and GASB disclosures make no special provision for reporting the cost for this type of plan. Therefore, the minimum actuarial required contribution (ARC) disclosed for GASB purposes has no relationship to the City's funding policy for the Plan.

Under State law, the FPP is provided an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pensions obligations. The actuary has determined that no City contribution is required. The fire insurance premium for 2008 was \$121,832, which was sufficient to pay the 2008 Firemen's Pension Fund expenses of \$16,739. It also increased the negative Net Pension Obligation to (\$550,816). This negative NPO results in the deferred revenue being lower in the governmental fund statements than in governmental activities.

The financial activity of the Firemen's Pension Fund is included in this document, the Comprehensive Annual Financial Report of the City of Redmond. No separate stand-alone financial report is issued for the Firemen's Pension Fund.

**Funded Status and Funding Progress**

The funded status of the plan as of December 31, 2006, the most recent actuarial valuation date, is as follows:

(In Thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities Entry age</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
January 1, 2006	\$ 356	\$ 363	7	98.09%	-	N/A

The Schedule of Funding Progress entitled Required Supplementary Information, which follows the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Schedule of Employer Contributions**

(In Thousands)

Fiscal Year Ending	Total Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC contributed
December 31, 2000	\$ 42	\$ 30	137.9%
December 31, 2001	\$ 48	\$ 30	159.9%
December 31, 2002	\$ 51	\$ 15	333.1%
December 31, 2003	\$ 59	\$ 15	384.9%
December 31, 2004	\$ 69	\$ 12	573.8%
December 31, 2005	\$ 87	\$ 12	728.0%
December 31, 2006	\$ 99	\$ 1	16,266.0%
December 31, 2007	\$ 107	\$ 1	17,611.9%
December 31, 2008	\$ 122	\$ -	N/A

**Three-Year Trend Information**

(In whole dollars)

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
December 31, 2006	\$ 3,342	2,949.49%	\$ (333,476)
December 31, 2007	\$ 4,912	2,172.80%	\$ (435,292)
December 31, 2008	\$ 6,308	1,931.39%	\$ (550,816)

The information presented in the preceding required schedules was determined as part of the actuarial valuations as indicated.

Valuation date:	January 1, 2006
Actuarial cost method for GASB purposes:	Entry Age Normal Cost Method
Amortization method:	Level Percentage of Projected Payroll Closed
Remaining amortization period:	22 years
Asset valuation method:	Market Value

Actuarial Assumptions:

Inflation rate:	4%	Projected salary increases:	5%
Investment rate of return:	7%	Cost of living adjustments:	4%

**Annual Pension Cost and Net Pension Obligation**

	Year Ending <u>12/31/06</u>	Year Ending <u>12/31/07</u>	Year Ending <u>12/31/08</u>
1. Annual Normal Cost, beginning of year	\$ -	\$ -	\$ -
2. Amortization of UAL, beginning of year	566	566	(14,934)
3. Interest to end of year	<u>40</u>	<u>40</u>	<u>(1,045)</u>
4. Annual required contribution at end of year (1+2+3), not less than zero	<u>606</u>	<u>606</u>	<u>-</u>
5. Interest on net pension obligation	(16,677)	(23,343)	(30,470)
6. Adjustment to annual required contribution	<u>19,413</u>	<u>27,649</u>	<u>36,778</u>
7. Annual pension cost (4+5-6)	3,342	4,912	6,308
8. Employer Contributions	<u>(98,572)</u>	<u>(106,728)</u>	<u>(121,832)</u>
9. Change in net pension obligation (7-8)	<u>(95,230)</u>	<u>(101,816)</u>	<u>(115,524)</u>
10. Net pension obligation at beginning of year	(238,246)	(333,476)	(435,292)
11. Net pension obligation at end of year (9+10)	<u>\$ (333,746)</u>	<u>\$ (435,292)</u>	<u>\$ (550,816)</u>

The negative net pension obligation has been recorded as a receivable on the City's government-wide statement of net assets.

**Municipal Employees Benefit Trust**

By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to U.S.C.A., Section 418 (g) effective January 1, 1975. Permanent employees working 1040 or more hours per year are eligible but not required to participate in the plan. Temporary employees working less than 1040 hours per year are required to participate in the plan. Participating permanent employees may choose to defer income tax in accordance with Internal Revenue Code Section 401K, on all, part or none of their contribution while temporary employees may not defer income tax on any of their contribution. There were 736 permanent and 192 temporary participants with account balances at December 31, 2008.

The Municipal Employees Benefit Trust Plan is a defined contribution plan with participants contributing an amount equal to the current Social Security rate (7.65%). One hundred percent of the contributions made by employees hired before April 1, 1986 go to MEBT. Employees hired on or after April 1, 1986 contribute 6.2% to MEBT and 1.45% to Medicare. Permanent employees may make additional contributions up to the limit set by the Internal Revenue Code. The City contributes 7.65% for permanent employees and 4.75% for temporary employees. Of the City's contribution, 1.45% goes to Medicare for employees hired on or after April 1, 1986. Eighty percent of the remaining City contribution goes to MEBT and 20% to administrative fees. The City's contribution is based on the payroll for all employees who are eligible to participate in the plan, regardless of the number of participants. City payroll for participating employees in 2008 was \$49,757,004. Employee contributions were \$3,674,050. City contributions were \$3,044,622. The City's total payroll was \$49,932,108.

Plan assets consisting of stocks, bonds, and guaranteed insurance contracts, are not the property of the City and are not subject to the claims of the City's general creditors. The Plan is administered by the Plan Committee consisting of seven employee members appointed by the City. The Plan Committee administers the MEBT Plan according to the Plan Document adopted by the City and all applicable IRS regulations. Plan

**CITY OF REDMOND**

provisions may be established or amended by a majority vote of the Plan Committee. Employees who elect not to participate in the Municipal Employees Benefit Trust plan retain the disability and survivor income insurance provided by the Standard Insurance Company.

Actuarial determinations are not required because (1) long term disability insurance and survivor income insurance are provided by a group insurance policy with Standard Insurance Company, and (2) each participant shall at his normal retirement date instruct the Plan Committee to (a) acquire a non-forfeitable, non-transferable annuity contract, (b) pay retirement benefits in monthly or annual installments (no contributions by the City or the participant shall be added to his account after retirement), (c) pay a single sum in cash, or (d) elect to defer any or all retirement benefits to a later date.

**NOTE 10:  
Other Postemployment Benefits**

**Plan Description**

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a defined benefit healthcare plan administered by the City. The members' necessary hospital, medical, and nursing care expenses not payable by worker's compensation, social security, insurance provided by another employer, other pension plan, or any other similar source are covered. Most medical coverage for eligible retirees is provided by one of the City's employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

**Funding Policy**

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2006. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of \$1,206,570 is included as a noncurrent liability on the Statement of Net Assets.

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	Fiscal Year Ending 12/31/2006	Fiscal Year Ending 12/31/2007	Fiscal Year Ending 12/31/2008
<b>Determination of Annual Required Contribution:</b>			
1-Annual Normal Cost (BOY)	\$ 67,300	\$ 67,300	\$ 67,300
2-Amortization of UAAL* (BOY)	555,157	555,157	555,157
3-Interest to EOY [1 + 2] x (i)*	34,235	34,235	34,235
4-Annual Required Contribution [1 + 2 + 3]	<u>656,692</u>	<u>656,692</u>	<u>656,692</u>
<b>Determination of Net OPEB Obligation:</b>			
4-Annual Required Contribution	656,692	656,692	656,692
5-Interest on Net OPEB Obligation	-	24,040	45,965
6-Adjustment to ARC	-	28,905	56,097
7-Annual OPEB Cost [4 + 5 - 6]	<u>656,692</u>	<u>651,827</u>	<u>646,560</u>
8-Employer Contributions	219,600	253,186	275,723
9-Change in Net OPEB Obligation [7 - 8]	<u>437,092</u>	<u>398,641</u>	<u>370,837</u>
10-Net OPEB Obligation-BOY [11 from prior year]	-	437,092	835,733
Net OPEB Obligation-end of year [9 + 10]	<u>\$ 437,092</u>	<u>\$ 835,733</u>	<u>\$ 1,206,570</u>

\*Unfunded Actuarial Accrued Liability (UAAL)

\* (i) is the assumed interest rate that year: 5.5% in 2006, 5.5% in 2007, 5.5% in 2008

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2006	\$ 656,692	33.0%	\$ 437,092
12/31/2007	\$ 651,827	39.0%	\$ 835,733
12/31/2008	\$ 646,560	42.6%	\$ 1,206,570

As of January 1, 2006, the most recent actuarial valuation date, the plan was 0% funded. The City's funding progress, the accrued liability for benefits, the actuarial value of the assets, the unfunded actuarial accrued liability (UAAL), the covered payroll, and the UAAL as a percentage of covered payroll for 2008 and preceding years were as follows:

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
Dec. 31, 2005	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 719,423	1183.20%
Dec. 31, 2006	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 764,518	1113.41%
Dec. 31, 2007	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 557,587	1526.63%
Dec. 31, 2008	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 446,200	1907.73%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2006 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 5.50% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance payment of benefits. A medical inflation rate of 9%, graded to 6% over three years, was used along with a long term care inflation rate of 4.5%.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2008 was 28 years.

**Note 11:  
Construction Commitments**

At December 31, 2008 the City had significant contractual obligations on construction projects.

(In thousands)	
Street Projects	\$5,711
Utilities Projects	4,340
<b>Total</b>	<b>\$10,051</b>

**Note 12:  
Interfund Transfers**

(In whole dollars)

Fund	Transfer In	Transfer Out
General Fund	\$ 379,229	\$ 5,889,275
Capital Improvements Program Fund	7,564,236	1,339,777
Other Governmental Funds	4,985,607	5,736,432
Internal Service Funds	36,412	-
<b>Total Transfers</b>	<b>\$ 12,965,484</b>	<b>\$ 12,965,484</b>

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move receipts for debt service from the fund collecting the receipts to a debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### **Note 13: Long-Term Obligations**

#### **General Obligation Bonds**

General Obligation Bonds are a direct obligation of the City for which its full faith and credit are pledged. Debt service on the 1994 and 2003 bonds is paid from debt service funds. Debt service on the 2004 bonds is paid from the Capital Improvements Program fund. Debt service for unlimited tax voter approved issues is funded by special property tax levies. These bonds are subject to federal arbitrage rules.

General Obligation Bonds outstanding at year-end are as follows:

**1994 Unlimited Tax General Obligation and Refunding Bonds and Refunded Debt in 2008:** Issued to provide funds for a new fire station, and to provide funds in an irrevocable trust to refund a portion of the 1990 GO Bonds and the 1985 GO Refunding Bonds. The 1985 GO Refunding Bonds were paid in full in 1995. The 1990 GO Bonds were paid in full in 2000. The balance of these bonds were paid in full using proceeds from a new refunding bond issuance in 2008. The proceeds of the refunding bond issue, which includes premiums in the amount of \$29,600, have been placed in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements.

**2003 Limited Tax General Obligation Bonds:** Two LTGO bonds were issued in 2003 to provide funds for park development and renovation. A bond in the amount of \$2,048,472 was issued to renovate tennis courts and softball fields at Grasslawn Park and carry out capital improvements in other parks. A bond in the amount of \$1,650,000 was issued to pay the costs of developing Perrigo Park. Both of these bonds were paid in full in 2008.

**2004 Limited Tax General Obligation Lease Revenue Bonds:** Redmond Community Properties (RCP), a blended component unit of the City of Redmond, issued lease-revenue bonds on behalf of the City in accordance with the provisions of Revenue Ruling 63-20 of the US Treasury on April 1, 2004. Funds from the bonds were used to build the City Hall, a parking garage, and other improvements on the City campus. Although the bonds were issued by RCP, they are reported as a limited tax general obligation of the City in accordance with Generally Accepted Accounting Principles.

**2008 Limited Tax General Obligation Bonds:** In 2008, the City issued \$33,935,000 Limited Tax General Bonds. Proceeds will be used for the Bear Creek Parkway Extension and other transportation projects in the City's Transportation Capital Improvement Plan. The Bear Creek Parkway Extension will provide an additional street connection through Downtown Redmond. The project will also improve transit connections and allow for better access to the open space in the downtown area. Redmond Way and Cleveland Street will better serve more uses, including transit, bicycle, and pedestrian traffic. Stronger connections will also support the economic vitality of Redmond's Downtown. The project is slated for completion in July of 2009.

These bond proceeds are shown on the face of the Budget and Actual – Capital Improvement Program (CIP) Funds statement under the original and final budget columns as miscellaneous revenue. The actual revenue received is classified as Bond Proceeds under other financing sources.

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**2008 Unlimited Tax General Obligation Refunding Bonds:** On September 4, 2008, the City issued \$1,315,000 in Unlimited Tax General Obligation Refunding Bonds with an interest rate of 3.50% to advance refund \$1,305,000 of outstanding 1994 Unlimited General Obligation and Refunding Bonds. The net proceeds, which included \$29,600, were used to purchase U.S. government securities which were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, these bonds are considered defeased and the liability for these bonds have been removed from the General Long-Term Debt.

The advance refunding resulted in a reduction in the aggregate debt service payments of \$88,362. In addition, the economic gain (difference between the present values of the old and new debt service payments) was \$80,826.

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2008
1994 GO/Refunding*	3/1/1994	12/1/2013	4.0% - 5.65%	\$ 9,310,000	\$ 9,310,000	\$ -
2003 LTGO Bonds	6/26/2003	6/1/2008	3.45%	3,698,472	3,698,472	-
2004 LTGO Lease-Revenue Bonds	4/1/2004	12/1/2035	2.0% - 5.25%	38,230,000	1,025,000	37,205,000
2008 GO/Refunding	9/4/2008	6/1/2013	3.50%	1,315,000	-	1,315,000
2008 LTGO Bonds	9/4/2008	12/1/2028	3.5% - 5.0%	33,935,000	-	33,935,000
Total General Obligation Bonds				<u>\$ 86,488,472</u>	<u>\$ 14,033,472</u>	<u>\$ 72,455,000</u>

\*\$1,315,000 in new debt listed as 2008 Refunding Bonds were issued to payoff the 1994 GO/Refunding

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities		
Year	Principal	Interest
2009	\$ 2,415,000	\$ 3,152,656
2010	2,500,000	3,171,306
2011	2,600,000	3,167,306
2012	2,710,000	3,160,806
2013	2,820,000	3,151,306
2014-2018	14,545,000	14,173,593
2019-2023	15,665,000	14,105,118
2024-2028	17,740,000	15,221,306
2029-2033	7,780,000	2,117,175
2034-2035	3,680,000	278,250
	<u>\$ 72,455,000</u>	<u>\$ 61,698,822</u>

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All long term debt is presented in the Statement of Net Assets net of premiums. The gross general obligation bonds payable and premium are as follows:

	2008 Refunding Bonds	2008 General Obligation Bonds
Bonds Outstanding	\$ 1,315,000	\$ 33,935,000
Plus Unamortized Bond Premium	28,120	1,264,312
Bonds Outstanding, Net	<u>\$ 1,343,120</u>	<u>\$ 35,199,312</u>

**Revenue Bonds**

Revenue Bonds are payable from revenues generated by the user fees. Revenue bonds for the city is backed by the Water/Wastewater and Stormwater utilities. Revenue bonds generally require a cash reserve be maintained as well as a minimum debt to income ratio be maintained for the life of the bonds.

**2008 Water/Wastewater Bonds:** Bonds in the amount of \$11,755,000 in 2008 to finance construction projects for the water utility.

Revenue bonds outstanding at year end are as follows:

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2008
2008 Water/ Wastewater Bonds	12/3/2008	12/1/2023	4.0% - 5.0%	\$ 11,755,000	-	\$ 11,755,000
Total Revenue Bonds				<u>\$ 11,755,000</u>	<u>-</u>	<u>\$ 11,755,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows

Year Ending December 31	Business-type Activities	
	Principal	Interest
2009	\$ 565,000	\$ 532,513
2010	590,000	512,887
2011	615,000	489,288
2012	640,000	464,687
2013	665,000	439,088
2014-2018	3,800,000	1,722,037
2019-2023	4,880,000	744,113
	<u>\$ 11,755,000</u>	<u>\$ 4,904,613</u>

All long term debt is presented in the Statement of Net Assets net of premiums. The gross bonds payable and premium are as follows:

	2008 Revenue Bonds
Bonds Outstanding	\$ 11,755,000
Plus Unamortized Bond Premium	359,727
Bonds Outstanding, Net	<u>\$ 12,114,727</u>

**Special Assessment Debt with Governmental Commitment**

Special Assessment Bonds are not a direct responsibility of the City, but are funded from the collection of special assessment payments. Debt service principal and interest costs are paid from the LID Control Fund. The City is obligated for special assessment debt to the extent that it is required to establish a guaranty fund, for the purpose of guaranteeing the payment of local improvement bonds and warrants, in the event there are insufficient funds in the LID Control Fund. The Guaranty Fund is funded from interest income and surplus from the LID Control Fund, and is maintained at approximately 10% of the total original bond issue amounts. Delinquent special assessments receivable totaled \$30,933 in principal and \$19,653 in interest at the close of 2008. The fund balance in the LID Guaranty Fund stood at \$652,098.

**Bonds, Issuances, Redemptions and Balances Outstanding**

LID	Issue Date	Maturity Date	Interest Rate	Original Amount Issued	Redemptions to Date	Bonds Outstanding 12/31/08
1998	3/1/1998	3/1/2010	4.0% - 5.0%	\$ 1,241,036	\$ 711,036	\$ 530,000
1999	7/15/1999	7/15/2011	4.1% - 5.5%	2,355,410	2,355,410	-
Total Special Assessment Bonds:				<u>\$ 3,596,446</u>	<u>\$ 3,066,446</u>	<u>\$ 530,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2009	\$ -	\$ 28,110
2010	530,000	28,110
	<u>\$ 530,000</u>	<u>\$ 56,220</u>

**Public Works Trust Fund Loans**

State of Washington Public Works Trust Fund Loans are a direct responsibility of the City. Redmond had seven such loans in 2008 with three being paid in full. Five of the remaining loans with an outstanding principal balance of \$1,495,340 are being repaid from General Fund revenues which are transferred to the Capital Improvements Program Fund where the loan payments are recorded. Two loans with an outstanding principal balance of \$85,356 are being repaid from water and wastewater revenues.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 333,611	28,011	\$ 85,356	1,257
2010	333,611	22,063	-	-
2011	279,430	16,115	-	-
2012	548,688	18,941	-	-
	<u>\$ 1,495,340</u>	<u>\$ 85,130</u>	<u>\$ 85,356</u>	<u>\$ 1,257</u>

## Water Pollution Control Revolving Fund Loan

The State of Washington Water Pollution Control Revolving Fund Loan with the Department of Ecology (DOE) is a direct responsibility of the City. The loan was paid in full during 2008 from stormwater revenues.

## Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 40,531,384	\$ 35,250,000	\$ (3,326,385)	\$ 72,454,999	\$ 2,415,000
Special assessment debt with government commitment	585,000	-	(55,000)	530,000	-
Plus deferred amounts:					
For issuance (discounts)/Premiums	(21,448)	1,309,916	3,964	1,292,432	-
Total bonds payable	<u>41,094,936</u>	<u>36,559,916</u>	<u>(3,377,421)</u>	<u>74,277,431</u>	<u>2,415,000</u>
PWTF loans	1,867,057	-	(371,717)	1,495,340	333,611
Other post-employment benefits payable	835,733	370,837	-	1,206,570	-
Compensated absences	<u>3,094,973</u>	<u>2,635,709</u>	<u>(2,421,653)</u>	<u>3,309,029</u>	<u>2,647,224</u>
Governmental activity long-term liabilities	<u>\$ 46,892,699</u>	<u>\$ 39,566,462</u>	<u>\$ (6,170,791)</u>	<u>\$ 80,288,370</u>	<u>\$ 5,395,835</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ -	11,755,000	\$ -	11,755,000	\$ 565,000
Plus Deferred Amounts:					
For issuance premiums	-	361,737	(2,010)	359,727	-
Total Bonds Payable	<u>-</u>	<u>12,116,737</u>	<u>(2,010)</u>	<u>12,114,727</u>	<u>565,000</u>
LID Assessment	32,599	-	(32,599)	-	-
PWTF loans	170,712	-	(85,356)	85,356	85,356
DOE loan	294,673	-	(294,673)	-	-
Compensated absences	<u>408,286</u>	<u>438,084</u>	<u>(368,270)</u>	<u>478,100</u>	<u>382,479</u>
Business-type activity long-term liabilities	<u>\$ 906,270</u>	<u>\$ 12,554,821</u>	<u>\$ (782,908)</u>	<u>\$ 12,678,183</u>	<u>\$ 1,032,835</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$166,381 of internal service funds compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated in the governmental fund from which the employee's salary is paid. Governmental funds typically used to liquidate compensated absences are the General Fund, Recreation Activities Fund, Arts Activity Fund, Parks Maintenance and Operation Fund, Advanced Life Support Fund, and the Recycling Fund.

**NOTE 14:  
Leases**

On February 17, 2004 the City of Redmond entered into a capital lease agreement with Redmond Community Properties (RCP), A Washington Non-Profit Corporation, to lease a new City Hall and parking garage.

RCP, acting as an “on-behalf-of-issuer” under Internal Revenue Service Rulings 63-20 and 82-26, issued bonds dated April 1, 2004 on behalf of the City of Redmond. The bonds were used for construction of the City Hall and parking garage, with a gross amount of the buildings under this lease being \$39,230,000. Bond principal and interest payments are the responsibility of RCP.

The lease payments made by the City to RCP will be sufficient to pay debt service on the bonds and operating costs of the buildings. Because RCP is a blended component unit of the City, the lease payments made by Redmond to RCP are reported as bond debt service payments by the City.

The City has no operating leases at this time.

**NOTE 15:  
Blended Component Units Included in Reporting Entity**

Two blended component units are included in the City’s reporting entity, the Redmond Public Corporation and Redmond Community Properties (RCP).

The RCW 39.84.100 grants cities the authority to establish Industrial Development Corporations. In 1982, the City of Redmond created the Redmond Public Corporation. This is a public corporation whose purpose is to issue tax-exempt non recourse revenue bonds to finance industrial development within city limits. The corporation may construct and maintain industrial facilities which it then leases or sells to industrial users. Revenue bonds issued by the corporation are payable from revenues of the industrial development facility funded by the revenue bonds.

In conformity with generally accepted accounting principles (GAAP), the Redmond Public Corporation has been included in the financial reporting entity. The Corporation’s Board of Directors is comprised solely of members of the City Council who have the authority to approve issuance of the corporation’s revenue bonds. The ability of the City Council to impose its will on the Redmond Public Corporation through the approval or disapproval of revenue bond issuance makes the City of Redmond financially accountable for the Public Corporation.

Although the Redmond Public Corporation is included in the reporting entity as a blended component unit, no financial impact is reported in the statements. The bonds are not a liability or a contingent liability of the City of Redmond or lien on any of its properties or revenues. Principal and interest on the bonds are payable solely from the funds provided for this payment from the revenues of the industrial development facilities funded by the revenue as provided in the RCW. Records regarding the financial statements of the entities on whose balance sheets the bond liabilities are reported are in the Office of the City Attorney, who acts as the Secretary of the Public Corporation.

RCP is a non-profit corporation organized in 2003 pursuant to Internal Revenue Service Revenue Ruling 63-20. It is related to the National Development Council, a 501(c)(3) organization, through common management. RCP is reported as if it were part of the City of Redmond because its sole purpose is to finance, construct, and lease a City Hall and parking garage to the City. RCP administrative offices are located at:

National Development Council  
1425 Fourth Avenue, Suite 608  
Seattle, WA 98101-2220

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The City leases City Hall and the parking garage from RCP under a capital lease arrangement. For reporting purposes RCP and the City of Redmond are consolidated as required by GAAP. The capital lease payable is reported as bonds payable with City Hall and the parking garage reported as assets of the City. Bond principal and interest payments are reported as debt service by the City.

As part of the capital lease agreement the City pays monthly maintenance and asset management fees to RCP. The financial statements of RCP are reported as an Internal Service Fund in the City's fund financial statements and schedules.

### **NOTE 16: Joint Ventures and Operations**

#### **Water Storage and Pumping Facility**

In February 1990, the City of Redmond joined with the City of Bellevue to construct, operate, and maintain a joint-use water storage and pumping facility located on the common boundary of the two cities. The City of Redmond has an undivided interest in the facility of 44% and the City of Bellevue has an undivided interest of 56%. The City's share of costs to construct the joint-use facility totaled \$2,078,539 and is reported on the business-type activity financial statements as improvements other than buildings. The City recognizes depreciation expense annually. Accumulated depreciation totals \$933,264 with a net book value of \$1,145,275. The City reimbursed the City of Bellevue \$12,270 for its share of operating costs in 2008.

#### **Cascade Water Alliance**

In April 1999, the City of Redmond entered into an interlocal agreement with seven other water providers in the region to create the Cascade Water Alliance. The purpose of the Alliance is to provide water supply to meet current and future needs of the Alliance's members in a cost-effective and environmentally responsible manner.

The Alliance is governed by a board of directors consisting of one individual representative appointed by resolution of the member's legislative authority. Each member entity must pay annual dues based on the number of units served by the water system within their jurisdiction. Redmond's dues for 2008 were \$212,334. Redmond also paid the Alliance \$4,001,400 in 2008 for Regional Capital Facilities Charges for new hookups to the water system that Redmond collected from new customers.

A member may withdraw from the Alliance with a resolution of its legislative authority expressing such intent. The board will then determine the withdrawing member's obligations to the Alliance, as well as the withdrawing member's allocable share of the Alliance's then-existing obligations. The member's withdrawal shall be effective upon payment of obligations. Members do not hold legal ownership rights in any assets owned by the Alliance.

Audited financial information can be obtained from Pamela Higbee, Cascade Water Alliance, 1400 112th Avenue SE, Suite 220, Bellevue, WA 98004.

### **NOTE 17: Contingencies and Litigation**

As of December 31, 2008, there were a number of damage claims and lawsuits pending against the City. However, in our opinion, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits, would affect materially the financial condition of the City.

**NOTE 18:  
Risk Management**

The City is exposed to various risks of loss such as: theft and damage and destruction of assets, errors and omissions, injuries or property damage to others, employees' health, and natural disasters. The City has three internal service funds to account for and finance its self-insured risks of loss. The City purchases commercial insurance for claims in excess of self-insured losses. Most funds of the City participate in the self-insurance programs and make payments to the self-insurance funds based on estimates of the amounts needed to pay excess insurance and related risk management and service costs, prior and current year claims paid in the current year, and to maintain adequate reserves for catastrophic losses in a given year.

The claims payment portion of the Insurance Claims and Reserve Fund provides coverage up to a maximum of \$100,000 per occurrence for insurance-related claims and expenses. Two claims, one from 2003 and one from 2004, were settled in 2008 above the City's self insurance limit. Reserves for open claims are established by an independent claims adjusting firm on a case reserve basis based on the assessment of the settlement potential and costs specifically associated with a particular claim, given the information available at the time. Cases are reviewed no less than monthly and are subject to periodic audits. Lawsuits are reviewed and handled directly by the City Attorney or the excess insurer's appointed legal counsel. Reserves are established for estimated ultimate loss costs and related loss adjustment expenses.

The City of Redmond is an associate member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed in September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has 95 member cities and 161 associate members. The City of Redmond is an associate member.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis." All other coverages are on an "occurrence basis." The pool provides the following forms of group-purchased insurance coverage for its members: property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types, and public officials liability. The City of Redmond purchases all forms of insurance except property insurance from CIAW. Affiliated FM provides property insurance.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to eliminate any risk to members, and funds the stop loss in the budget.

Property insurance is subject to a per-location deductible of \$100,000.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$5,000. The City is responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give

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notice before August 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees are paid by CIAW to the third party administrator under this arrangement.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. This pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

The Medical Self-Insurance Fund provides coverage up to a maximum of \$120,000 per person per calendar year with the excess insurance covering up to a lifetime major medical maximum of \$1,000,000. There were zero claims in excess of the per-person limit in 2008, one claim in 2007, and one claim in 2006. All funds of the City from which employee wages are paid make premium payments to the Medical Self-Insurance Fund based on health insurance rates derived from actual fund experience and Consumer Price Index increases.

Council authorized the City to self-insure workers' compensation benefits effective January 1, 1998 for employee injuries and illnesses. The City self-insures \$350,000 of each accident or illness (\$500,000 for Police and Fire) and purchases excess insurance above that, up to the statutory requirements. No reported claim for 2008, 2007, or 2006 exceeded the City's self insurance coverage. Claims handling is currently contracted to an independent, qualified third party administrator (TPA).

As of December 31, 2008, the City had reserves of \$985,115 in the Insurance Fund, \$4,088,600 in the Medical Self-Insurance Fund, and \$702,159 in the Workman's Compensation Fund to provide against risk of future loss. Claims liabilities of \$751,000 have been reported in the Medical Self-Insurance Fund and \$116,724 in the Workman's Compensation Fund based on estimates provided by the City's third party administrators. Historical claims liabilities for IBNR in the Insurance Claims and Reserve Fund average 15% to 17% of paid claims for the year. At the end of 2008, there is a reasonable possibility the City is liable for insurance claims in the range of \$20,000 to \$30,000. This claims liability has not been accrued due to the uncertain outcome of the claims outstanding. Reported claims liabilities are based on the requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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Changes in the self-insurance funds' claims liabilities in 2007 and 2008 were:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims &amp; Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
<b>Insurance Fund</b>				
2007	\$ -	\$ 97,818	\$ 97,818	\$ -
2008	\$ -	\$ 172,227	\$ 172,227	\$ -
<b>Medical Insurance Fund</b>				
2007	\$ 993,602	\$ 3,034,316	\$ 4,859,218	\$ 831,300
2008	\$ 831,300	\$ 3,904,248	\$ 5,486,548	\$ 751,000
<b>Workman's Compensation Fund</b>				
2007	\$ 79,538	\$ 172,705	\$ 332,908	\$ 80,665
2008	\$ 80,665	\$ 273,102	\$ 470,491	\$ 116,724

Commercial insurance policies were purchased to protect the City from claims which exceed the coverage provided by the self-insurance funds.

	<u>Coverage</u>	<u>Self-Insured Retention</u>
		\$100,000 except earthquake at 5% of values at risk subject to a \$100,000 minimum per location
Blanket building and personal property	\$ 50,000,000	
Law enforcement	\$ 21,000,000	\$100,000
Errors and omissions liability	\$ 21,000,000	\$100,000
Employment-related practices	\$ 5,000,000	\$100,000
General and automobile liability coverage	\$ 21,000,000	\$100,000
Blanket fidelity (employee dishonesty)	\$ 1,000,000	\$10,000 deductible
Excess Workers Compensation	statutory	\$350,000; \$500,000 Police and Fire
Excess Medical Insurance	\$ 1,000,000	\$120,000
Underground storage tank pollution liability	\$ 1,000,000	\$5,000 deductible

**NOTE 19:  
Subsequent Events**

In late 2007, the City of Bellevue approved the sale of 6.6 acres that was deeded to Bellevue and 37 other cities, including the City of Redmond, by King County for a future jail and justice center. The transfer of title occurred when the County announced several years ago it would discontinue contracting with the municipalities in 2012 to provide misdemeanor jail services.

Proceeds from the sale of the property, which will range from \$10.5 million to \$13 million depending on future zoning of the site, will be used by the cities to either build a jail or contract with a provider for jail services. The sale is expected to close sometime in 2009.

In early 2008 the City came to final settlement with the Police Union for the labor contract. This settlement was retroactive to January of 2008. The total cost of retroactive pay for 2008 was \$399,387.

The City acquired additional property in April 2009 for the Education Hill Fire Station. The total cost was \$991,628. The City also acquired property for the 36<sup>th</sup> Street Bridge over Highway 520 project totaling \$803,000.

The 36<sup>th</sup> Street Bridge over Highway 520 project received \$11,000,000 through the American Reinvestment and Recovery Act (ARRA) in March of 2009. The engineering estimate was \$31.4 million but the bids came in much lower with the winning bid of \$21.4 million allowing a portion of the ARRA Grant to be de-obligated.

**Required Supplementary Information  
Firemen's Pension Plan  
Schedule of Funding Progress**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities Entry Age</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As a Percentage of Covered Payroll</u>
January 1, 2000	\$ -	\$ 374,108	\$ 374,108	0.00%	\$ -	N/A
January 1, 2002	\$ 89,000	\$ 276,591	\$ 187,591	32.18%	\$ -	N/A
January 1, 2004	\$ 205,354	\$ 347,384	\$ 142,030	59.11%	\$ -	N/A
January 1, 2006	\$ 356,220	\$ 363,164	\$ 6,944	98.09%	\$ -	N/A
January 1, 2008	\$ 590,062	\$ 413,308	\$ (176,754)	142.77%	\$ -	N/A

This plan covers inactive participants. There are no current member contributions.

**Required Supplementary Information  
LEOFF I Retiree Medical Benefits  
Schedule of Funding Progress**

<u>Fiscal Year Ended</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities Entry Age</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As a Percentage of Covered Payroll</u>
Dec. 31, 2005	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 719,423	1183.20%
Dec. 31, 2006	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 764,518	1113.41%
Dec. 31, 2007	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 557,587	1526.63%
Dec. 31, 2008	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 446,200	1907.73%

## Non-Major Governmental Funds

### Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are restricted to or reserved for expenditures for particular purposes.

The **Recreation Activities Fund** provides salaries, equipment and supplies needed to conduct year-round recreational programs. Funding comes from class fees, sports leagues, and transfers from the General Fund.

The **Arts Activity Fund** was established to administer the City's cultural arts programs and provide staff support to the Redmond Arts Commission. The primary sources of revenue are an annual transfer from the General Fund, grants and donations.

The **Parks Maintenance and Operations Fund** accounts for monies spent on maintenance of park grounds, rights of way, street trees, open space and the grounds surrounding City buildings and structures. These activities are funded from a property tax levy lid lift approved by the voters in 1989.

The **Community Events Fund** was established in 2004 to account for revenues received and expenditures incurred for, but not limited to, the production of special community events in the city. Revenue sources include private donations, participation fees, and transfers from the General Fund.

The **Microsoft Development Fund** was established in 2007 to account for revenues received and expenditures incurred for, but not limited to, the review and inspection of development projects and their construction by the Microsoft Corporation in the City of Redmond for the duration of the approved "Memorandum of Understanding Regarding Staffing for Microsoft Development Review."

The **Cable Access Fund** was established in 2003 to monitor expenditures for cable access equipment, public education, service enhancement, and government access to television. The primary source of revenues is fees and contributions from cable television subscribers.

The **Operating Grants Fund** includes expenditures for special studies and pilot programs to support commute trip reduction in partnership with area employers. It is funded by federal, state, and local grants, private contributions and a portion of the business tax surcharge.

The **Human Services Grants Fund** accounts for Federal Block Grant monies and City per capita grants for community development assistance to low and moderate income persons.

The **Operating Reserves Fund** houses money set aside for General Fund operating reserves and building permit reserves. The General Fund reserves were created to offset significant downturns and revisions in any general municipal purpose funds and to provide sufficient cash flow for daily financial needs at all times. The building permit reserve was established to provide funding for completion of building permit responsibilities in the event of a decline in development activity.

The **Fire Levy Fund** was established to account for the revenues received and expenditures incurred for the fire property tax levy lid lift approved by the voters in 2007 for collection in 2008. These funds will provide additional firefighters to support fire and aid car operations at the Overlake Fire Station and the North Redmond Fire Station.

The **Police Levy Fund** was established to account for the revenues received and expenditures incurred for the police property tax levy lid lift approved by the voters in 2007 for collection in 2008. These funds will provide additional police personnel to support police operations and programs.

The **Parks Levy Fund** was established to account for the revenues received and expenditures incurred for the parks property tax levy lid lift approved by the voters in 2007 for collection in 2008. These funds will provide operation and maintenance of park facilities and programs.

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The **Capital Equipment Fund** accumulates monies for replacement of general capital equipment. Funding in the Capital Equipment Fund is provided by an annual transfer from the City's General Fund.

The **Fire Equipment Fund** accumulates monies for replacement of fire capital equipment. Funding in the Fire Equipment Fund is provided by annual transfers from the General Fund and the Fire CIP fund.

The **Real Estate Excise Tax Fund** accounts for proceeds of the ½ of 1% Real Estate Excise Tax. This tax is collected by King County at the time property is sold in the City of Redmond and then remitted to the city. These funds must be used for construction of capital projects.

The **Felony Seizure Fund** accounts for monies and proceeds from the sale of property seized during drug and felony investigations. These funds are legally required to be expended on drug and felony related police activities.

The **Emergency Dispatch System Fund** was established in 1995 as a cost center for the emergency dispatch and records management systems. Funds were provided from a variety of sources including the General, Capital Equipment Reserve, CIP, and Public Safety Bond Funds.

The **Business License Surcharge Fund** receives revenues collected from businesses based on the employee hours worked in Redmond. The funds collected are earmarked for transportation and transportation demand management projects. All projects funded by this source are reviewed by the Business Tax/Transportation Improvement Committee and then submitted to the Council for approval.

The **Tourism Fund** is supported by a 1% special excise tax on overnight lodging in Redmond. This tax provides resources to support tourism development and promotion activities in Redmond.

The **Solid Waste Recycling Fund** accounts for monies received primarily through garbage franchise fees. Fund expenditures made are to develop, administer and improve solid waste collection and education.

The **Advanced Life Support Fund** accounts for the provision of Advanced Life Support (ALS) services (paramedic) within the City and Fire District 34 areas. The City provides these services in contract with King County Medic One and the County provides the resources for this service.

## **Debt Service Funds**

Debt Service Funds account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

The **Regular Levy Fund** accounts for the debt service on City Council approved (councilmanic) general obligation debt. During 2003, the city issued two Long-Term General Obligation Notes to fund improvements at Grasslawn and Perrigo Parks. Both of these were paid in full in 2008. During 2008, the City issued Long Term General Obligation Bonds to fund Bear Creek Parkway expansion. Debt service on those notes will be paid from this fund.

The **Special Levy Fund** accounts for the debt service on the voter approved general obligation bonds. The City currently has one bond issue outstanding that is paid from this fund. In 1994 the City issued bonds to purchase land and build a new fire station. These bonds were refunded in 2008. The refunding activity ran through this fund in 2008 and the debt service on these bonds will be paid from this fund as well.

The **Local Improvement District Control Fund** was created to finance public improvements or services deemed to benefit the properties against which the special assessments are levied. Special assessment bonds are not a direct responsibility of the City, but are funded from a collection of special assessment payments.

The **Local Improvement District Guaranty Fund** was established for the purpose of guaranteeing the payment of local improvement bonds and warrants and is funded from interest income and surplus from the Local Improvement District Control Fund.

## **Capital Projects Funds**

Capital Projects Funds account for the acquisition or construction of capital facilities (except for those financed primarily by utility funds). These funds are financed primarily by general obligation bonds, special assessments, federal and state grants and contributions from other funds.

The **Parks Acquisition and Renovation Fund** is comprised of funds for the acquisition and development of new parks as well as improvements to existing parks. This fund received \$4,870,000 in bond proceeds approved by the voters in 1989. All of the projects have been completed and the remaining funds will be used for land acquisition.

The **G.O. Bonds - Fire Fund** was established after voters approved a bond issue of \$3,800,000 in 1992 to purchase land, construct a fire station in southeast Redmond, and purchase fire equipment. The city completed construction of the fire station in 1997 and purchased land for a fire station in northeast Redmond.

## Combining Balance Sheet Nonmajor Governmental Funds

December 31, 2008

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	<b>Special Revenue Funds</b>			
	Recreation Activities	Arts Activity	Parks Maintenance and Operation	Community Events
<b>ASSETS</b>				
Cash and cash equivalents	\$ 41,716	\$ 12,502	\$ 32,926	\$ 32,305
Cash with outside agency	-	-	-	-
Investments	705,729	220,263	581,806	-
Receivables:				
Taxes	-	-	11,601	-
Accounts	-	-	(11)	-
Interest	2,941	796	2,412	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due From Other Governments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	-
<b>Total Assets</b>	<b>\$ 750,386</b>	<b>\$ 233,561</b>	<b>\$ 628,734</b>	<b>\$ 32,305</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 18,991	\$ 218	\$ 24,520	\$ 8,827
Employee wages payable	32,035	1,706	19,693	3,292
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	-
Unearned revenues	-	-	12,457	-
<b>Total Liabilities</b>	<b>51,026</b>	<b>1,924</b>	<b>56,670</b>	<b>12,119</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	699,360	231,637	572,064	20,186
Total Fund Balances	699,360	231,637	572,064	20,186
<b>Total Liabilities and Fund Balances</b>	<b>\$ 750,386</b>	<b>\$ 233,561</b>	<b>\$ 628,734</b>	<b>\$ 32,305</b>

	<b>Special Revenue Funds</b>			
	Microsoft Development Review	Cable Access	Operating Grants	Human Services Grants
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,128,044	\$ 59,935	\$ 858,703	\$ 138,157
Cash with outside agency	-	-	-	-
Investments	-	1,171,991	2,541,916	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	238,513	-
Interest	-	5,027	11,036	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due From Other Governments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,128,044</b>	<b>\$ 1,236,953</b>	<b>\$ 3,650,168</b>	<b>\$ 138,157</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 11,901	\$ 2,498	\$ 112,530	\$ 75,003
Employee wages payable	53,520	552	9,465	-
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b>65,421</b>	<b>3,050</b>	<b>121,995</b>	<b>75,003</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	1,062,623	1,233,903	3,528,173	63,154
Total Fund Balances	1,062,623	1,233,903	3,528,173	63,154
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,128,044</b>	<b>\$ 1,236,953</b>	<b>\$ 3,650,168</b>	<b>\$ 138,157</b>

	<b>Special Revenue Funds</b>			
	Operating Reserves	Fire Levy	Police Levy	Parks Levy
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,008,226	\$ 1,154,667	\$ 1,215,151	\$ 138,865
Cash with outside agency	-	-	-	-
Investments	3,622,088	-	-	-
Receivables:				
Taxes	-	18,129	17,468	2,601
Accounts	-	-	-	-
Interest	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	915,246	-	-	-
Due From Other Governments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,545,560</b>	<b>\$ 1,172,796</b>	<b>\$ 1,232,619</b>	<b>\$ 141,466</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,275	\$ 8,702	\$ 4,420
Employee wages payable	-	24,141	41,020	7,039
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	-
Unearned revenues	-	18,129	17,468	2,601
<b>Total Liabilities</b>	<b>-</b>	<b>45,545</b>	<b>67,190</b>	<b>14,060</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	6,545,560	1,127,251	1,165,429	127,406
Total Fund Balances	6,545,560	1,127,251	1,165,429	127,406
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,545,560</b>	<b>\$ 1,172,796</b>	<b>\$ 1,232,619</b>	<b>\$ 141,466</b>

	<b>Special Revenue Funds</b>			
	<u>Capital Equipment</u>	<u>Fire Equipment</u>	<u>Real Estate Excise Tax</u>	<u>Felony Seizure</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 208,385	\$ 244,266	\$ 375,686	\$ 126,493
Cash with outside agency	-	-	-	10,000
Investments	3,782,211	2,584,155	8,999,788	-
Receivables:				
Taxes	-	-	128,623	-
Accounts	-	969	-	-
Interest	17,383	11,806	41,668	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due From Other Governments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	5,551
<b>Total Assets</b>	<b><u>\$ 4,007,979</u></b>	<b><u>\$ 2,841,196</u></b>	<b><u>\$ 9,545,765</u></b>	<b><u>\$ 142,044</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 300,129	\$ -	\$ -	\$ 68
Employee wages payable	-	-	-	-
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	5,551
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b><u>300,129</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,619</u></b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	3,707,850	2,841,196	9,545,765	136,425
Total Fund Balances	<u>3,707,850</u>	<u>2,841,196</u>	<u>9,545,765</u>	<u>136,425</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 4,007,979</u></b>	<b><u>\$ 2,841,196</u></b>	<b><u>\$ 9,545,765</u></b>	<b><u>\$ 142,044</u></b>

	<b>Special Revenue Funds</b>			
	Emergency Dispatch	Business License Surcharge	Tourism	Solid Waste Recycling
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,693	\$ 215,000	\$ 23,919	\$ 28,771
Cash with outside agency	-	-	-	-
Investments	-	4,603,689	417,126	470,372
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	22,981
Interest	-	25,024	1,792	2,160
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due From Other Governments	-	-	-	93,236
Restricted assets:				
Deposit cash	-	-	-	-
<b>Total Assets</b>	<b>\$ 9,693</b>	<b>\$ 4,843,713</b>	<b>\$ 442,837</b>	<b>\$ 617,520</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 10,754	\$ 10,630
Employee wages payable	-	-	(139)	7,609
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>10,615</b>	<b>18,239</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	9,693	4,843,713	432,222	599,281
Total Fund Balances	9,693	4,843,713	432,222	599,281
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,693</b>	<b>\$ 4,843,713</b>	<b>\$ 442,837</b>	<b>\$ 617,520</b>

	<b>Special Revenue Funds</b>	
	Advanced Life Support Fund	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 8,053,410
Cash with outside agency	-	10,000
Investments	-	29,701,134
Receivables:		
Taxes	-	178,422
Accounts	1,216,390	1,478,842
Interest	-	122,045
Special assessments	-	-
Due from other funds	-	915,246
Due From Other Governments	-	93,236
Restricted assets:		
Deposit cash	-	5,551
<b>Total Assets</b>	<b>\$ 1,216,390</b>	<b>\$ 40,557,886</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 30,559	\$ 623,025
Employee wages payable	160,084	360,017
Due to other funds	915,246	915,246
Payable from restricted assets:		
Deposits payable	-	5,551
Unearned revenues	-	50,655
<b>Total Liabilities</b>	<b>1,105,889</b>	<b>1,954,494</b>
Fund balances		
Reserved for:		
Debt service	-	-
Unreserved	110,501	38,603,392
Total Fund Balances	110,501	38,603,392
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,216,390</b>	<b>\$ 40,557,886</b>

	<b>Debt Service Funds</b>				
	<u>Regular Levy</u>	<u>Special Levy</u>	<u>LID Control</u>	<u>LID Guaranty</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 273,533	\$ 549,972	\$ -	\$ 823,505
Cash with outside agency	-	-	-	-	-
Investments	-	-	-	647,931	647,931
Receivables:					-
Taxes	-	4,605	-	-	4,605
Accounts	-	-	-	-	-
Interest	-	-	19,653	4,167	23,820
Special assessments	-	-	118,687	-	118,687
Due from other funds	-	-	-	-	-
Due From Other Governments	-	-	-	-	-
Restricted assets:					-
Deposit cash	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 278,138</b>	<b>\$ 688,312</b>	<b>\$ 652,098</b>	<b>\$ 1,618,548</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 380	\$ -	\$ 380
Employee wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Payable from restricted assets:					-
Deposits payable	-	-	-	-	-
Unearned revenues	-	4,605	87,754	-	92,359
<b>Total Liabilities</b>	<b>-</b>	<b>4,605</b>	<b>88,134</b>	<b>-</b>	<b>92,739</b>
<b>Fund balances</b>					
Reserved for:					
Debt service	-	273,533	600,178	652,098	1,525,809
Unreserved	-	-	-	-	-
Total Fund Balances	-	273,533	600,178	652,098	1,525,809
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 278,138</b>	<b>\$ 688,312</b>	<b>\$ 652,098</b>	<b>\$ 1,618,548</b>

	<b>Capital Projects Funds</b>			Total Nonmajor Governmental Funds
	Park Acquisition / Renovation	G.O. Bonds - Fire	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,876,915
Cash with outside agency	-	-	-	10,000
Investments	-	-	-	30,349,065
Receivables:				
Taxes	-	-	-	183,027
Accounts	-	-	-	1,478,842
Interest	-	-	-	145,865
Special assessments	-	-	-	118,687
Due from other funds	-	-	-	915,246
Due From Other Governments	-	-	-	93,236
Restricted assets:				
Deposit cash	-	-	-	5,551
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,176,434</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 623,405
Employee wages payable	-	-	-	360,017
Due to other funds	-	-	-	915,246
Payable from restricted assets:				
Deposits payable	-	-	-	5,551
Unearned revenues	-	-	-	143,014
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,047,233</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	1,525,809
Unreserved	-	-	-	38,603,392
Total Fund Balances	-	-	-	40,129,201
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,176,434</b>

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

Page 1 of 8

For the year ended December 31, 2008

	<b>Special Revenue Funds</b>			
	Recreation Activities	Arts Activity	Park Maint. & Operations	Community Events
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 1,003,515	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Contributions	22,182	145	1,100	78,348
Intergovernmental	-	22,000	20,000	-
Charges for services	1,611,182	3,239	102,714	18,202
Fines and forfeitures	-	-	-	-
Investment income	39,623	7,480	21,526	-
Miscellaneous	116,238	233	18,442	15,330
<b>Total Revenues</b>	<b>1,789,225</b>	<b>33,097</b>	<b>1,167,297</b>	<b>111,880</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Security of persons and property	-	-	-	14,742
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental/physical health	-	-	-	-
Culture and recreation	1,782,819	174,874	1,094,183	253,597
Capital outlay	-	11,674	51,443	-
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,782,819</b>	<b>186,548</b>	<b>1,145,626</b>	<b>268,339</b>
Excess (deficiency) of revenues over (under) expenditures	6,406	(153,451)	21,671	(156,459)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	3,269	-
Refunding Bonds Issued	-	-	-	-
Premiums on Bonds Issued	-	-	-	-
Transfers in	-	153,540	-	61,491
Bond Proceeds to Refunding Trustee	-	-	-	-
Transfers out	(20,284)	-	-	-
Total other financing sources (uses)	(20,284)	153,540	3,269	61,491
Net change in fund balances	(13,878)	89	24,940	(94,968)
Fund balances-beginning	713,238	231,548	547,124	115,154
<b>Fund balances-ending</b>	<b>\$ 699,360</b>	<b>\$ 231,637</b>	<b>\$ 572,064</b>	<b>\$ 20,186</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
Nonmajor Governmental Funds – Page 2 of 8

	<b>Special Revenue Funds</b>			
	Microsoft Development Review	Cable Access	Operating Grants	Human Services Grants
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	1,052,334	-	-	-
Contributions	-	236,588	-	1,209
Intergovernmental	-	-	294,852	-
Charges for services	811,414	408	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	48,807	128,764	-
Miscellaneous	-	-	32,637	-
<b>Total Revenues</b>	<b>1,863,748</b>	<b>285,803</b>	<b>456,253</b>	<b>1,209</b>
<b>EXPENDITURES</b>				
Current				
General government	77,782	-	-	-
Security of persons and property	1,098,021	-	-	-
Physical environment	178,225	-	-	-
Transportation	-	-	920,294	-
Economic environment	76,227	111,846	-	532,988
Mental/physical health	-	-	-	85,641
Culture and recreation	-	-	-	-
Capital outlay	-	6,540	211,622	-
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	-	-	-
<b>Total Expenditures</b>	<b>1,430,255</b>	<b>118,386</b>	<b>1,131,916</b>	<b>618,629</b>
Excess (deficiency) of revenues over (under) expenditures	433,493	167,417	(675,663)	(617,420)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Premiums on Bonds Issued	-	-	-	-
Transfers in	-	-	1,295,288	606,042
Bond Proceeds to Refunding Trustee	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,295,288	606,042
Net change in fund balances	433,493	167,417	619,625	(11,378)
Fund balances-beginning	629,130	1,066,486	2,908,548	74,532
<b>Fund balances-ending</b>	<b>\$ 1,062,623</b>	<b>\$ 1,233,903</b>	<b>\$ 3,528,173</b>	<b>\$ 63,154</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
 Nonmajor Governmental Funds – Page 3 of 8

	<b>Special Revenue Funds</b>			
	Operating Reserves	Fire Levy	Police Levy	Park Levy
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,255,944	\$ 2,167,425	\$ 316,399
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Contributions	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	33,157	11,712	18,215	1,457
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>33,157</b>	<b>2,267,656</b>	<b>2,185,640</b>	<b>317,856</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Security of persons and property	18,342	736,898	1,072,090	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	4,512
Mental/physical health	-	-	-	-
Culture and recreation	-	-	-	185,892
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	5,997	1,008	46
<b>Total Expenditures</b>	<b>18,342</b>	<b>742,895</b>	<b>1,073,098</b>	<b>190,450</b>
Excess (deficiency) of revenues over (under) expenditures	14,815	1,524,761	1,112,542	127,406
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Premiums on Bonds Issued	-	-	-	-
Transfers in	-	-	-	-
Bond Proceeds to Refunding Trustee	-	-	-	-
Transfers out	(36,411)	-	-	-
Total other financing sources (uses)	(36,411)	-	-	-
Net change in fund balances	(21,596)	1,524,761	1,112,542	127,406
Fund balances-beginning	6,567,156	(397,510)	52,887	-
<b>Fund balances-ending</b>	<b>\$ 6,545,560</b>	<b>\$ 1,127,251</b>	<b>\$ 1,165,429</b>	<b>\$ 127,406</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
 Nonmajor Governmental Funds – Page 4 of 8

	<b>Special Revenue Funds</b>			
	<u>Capital Equipment</u>	<u>Fire Equipment</u>	<u>Real Estate Excise Tax</u>	<u>Felony Seizure</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 2,823,930	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Contributions	-	152,089	-	-
Intergovernmental	-	15,473	-	500
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	54,796
Investment income	169,101	111,730	389,914	-
Miscellaneous	-	46,505	-	-
<b>Total Revenues</b>	<u>169,101</u>	<u>325,797</u>	<u>3,213,844</u>	<u>55,296</u>
<b>EXPENDITURES</b>				
Current				
General government	343,538	-	-	-
Security of persons and property	24,321	49,641	-	6,004
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental/physical health	-	-	-	-
Culture and recreation	64,778	-	-	-
Capital outlay	353,603	1,582,715	-	-
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	-	-	-
<b>Total Expenditures</b>	<u>786,240</u>	<u>1,632,356</u>	<u>-</u>	<u>6,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(617,139)</u>	<u>(1,306,559)</u>	<u>3,213,844</u>	<u>49,292</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Premiums on Bonds Issued	-	-	-	-
Transfers in	1,000,000	711,000	-	-
Bond Proceeds to Refunding Trustee	-	-	-	-
Transfers out	(45,000)	-	(3,480,449)	-
Total other financing sources (uses)	<u>955,000</u>	<u>711,000</u>	<u>(3,480,449)</u>	<u>-</u>
Net change in fund balances	337,861	(595,559)	(266,605)	49,292
Fund balances-beginning	3,369,989	3,436,755	9,812,370	87,133
<b>Fund balances-ending</b>	<u><u>\$ 3,707,850</u></u>	<u><u>\$ 2,841,196</u></u>	<u><u>\$ 9,545,765</u></u>	<u><u>\$ 136,425</u></u>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
 Nonmajor Governmental Funds – Page 5 of 8

	<b>Special Revenue Funds</b>			
	Emergency Dispatch	Business License Surcharge	Tourism	Solid Waste Recycling
<b>REVENUES</b>				
Taxes	\$ -	\$ 4,304,482	\$ 304,231	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Contributions	-	-	-	-
Intergovernmental	-	-	-	116,216
Charges for services	-	-	-	370,835
Fines and forfeitures	-	-	-	-
Investment income	-	245,234	19,232	26,568
Miscellaneous	-	-	-	12,279
<b>Total Revenues</b>	<b>-</b>	<b>4,549,716</b>	<b>323,463</b>	<b>525,898</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	-	604,637
Transportation	-	-	-	-
Economic environment	-	-	170,502	-
Mental/physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>170,502</b>	<b>604,637</b>
Excess (deficiency) of revenues over (under) expenditures	-	4,549,716	152,961	(78,739)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Premiums on Bonds Issued	-	-	-	-
Transfers in	-	-	-	-
Bond Proceeds to Refunding Trustee	-	-	-	-
Transfers out	-	(1,578,757)	(103,991)	(30,000)
Total other financing sources (uses)	-	(1,578,757)	(103,991)	(30,000)
Net change in fund balances	-	2,970,959	48,970	(108,739)
Fund balances-beginning	9,693	1,872,754	383,252	708,020
<b>Fund balances-ending</b>	<b>\$ 9,693</b>	<b>\$ 4,843,713</b>	<b>\$ 432,222</b>	<b>\$ 599,281</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
 Nonmajor Governmental Funds – Page 6 of 8

	<b>Special Revenue Funds</b>	
	Advanced Life Support Fund	Total
<b>REVENUES</b>		
Taxes	\$ -	\$ 13,175,926
Special assessments	-	-
Licenses and permits	-	1,052,334
Contributions	-	491,661
Intergovernmental	4,878,160	5,347,201
Charges for services	-	2,917,994
Fines and forfeitures	-	54,796
Investment income	15,876	1,288,396
Miscellaneous	-	241,664
<b>Total Revenues</b>	<b>4,894,036</b>	<b>24,569,972</b>
<b>EXPENDITURES</b>		
Current		
General government	-	421,320
Security of persons and property	4,848,943	7,869,002
Physical environment	-	782,862
Transportation	-	920,294
Economic environment	-	896,075
Mental/physical health	-	85,641
Culture and recreation	-	3,556,143
Capital outlay	26,684	2,244,281
Debt service:		
Principal	-	-
Interest and Debt Issuance Costs	-	7,051
<b>Total Expenditures</b>	<b>4,875,627</b>	<b>16,782,669</b>
Excess (deficiency) of revenues over (under) expenditures	<b>18,409</b>	<b>7,787,303</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Insurance Proceeds	-	3,269
Refunding Bonds Issued	-	-
Premiums on Bonds Issued	-	-
Transfers in	-	3,827,361
Bond Proceeds to Refunding Trustee	-	-
Transfers out	-	(5,294,892)
Total other financing sources (uses)	-	(1,464,262)
Net change in fund balances	<b>18,409</b>	<b>6,323,041</b>
Fund balances-beginning	92,092	32,280,351
<b>Fund balances-ending</b>	<b>\$ 110,501</b>	<b>\$ 38,603,392</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
 Nonmajor Governmental Funds – Page 7 of 8

**Debt Service Funds**

	Regular Levy	Special Levy	LID Control	LID Guaranty	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ 300,234	\$ -	\$ -	\$ 300,234
Special assessments	-	-	286,814	-	286,814
Licenses and permits	-	-	-	-	-
Contributions	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	-	-	44,053	44,053
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>300,234</b>	<b>286,814</b>	<b>44,053</b>	<b>631,101</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Security of persons and property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental/physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	776,384	220,000	55,000	-	1,051,384
Interest and Debt Issuance Costs	381,862	67,031	28,725	-	477,618
<b>Total Expenditures</b>	<b>1,158,246</b>	<b>287,031</b>	<b>83,725</b>	<b>-</b>	<b>1,529,002</b>
Excess (deficiency) of revenues over (under) expenditures	(1,158,246)	13,203	203,089	44,053	(897,901)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance Proceeds	-	-	-	-	-
Refunding Bonds Issued	-	1,315,000	-	-	1,315,000
Premiums on Bonds Issued	-	29,600	-	-	29,600
Transfers in	1,158,246	-	-	-	1,158,246
Bond Proceeds to Refunding Trustee	-	(1,328,167)	-	-	(1,328,167)
Transfers out	-	-	-	(358,945)	(358,945)
Total other financing sources(uses)	1,158,246	16,433	-	(358,945)	815,734
Net change in fund balances	-	29,636	203,089	(314,892)	(82,167)
Fund balances-beginning	-	243,897	397,089	966,990	1,607,976
<b>Fund balances-ending</b>	<b>\$ -</b>	<b>\$ 273,533</b>	<b>\$ 600,178</b>	<b>\$ 652,098</b>	<b>\$ 1,525,809</b>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances,  
Nonmajor Governmental Funds – Page 8 of 8

	<b>Capital Projects Funds</b>			Total Nonmajor Governmental Funds
	Park Acquisition / Renovation	G.O. Bonds - Fire	Total	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 13,476,160
Special assessments	-	-	-	286,814
Licenses and permits	-	-	-	1,052,334
Contributions	-	-	-	491,661
Intergovernmental	-	-	-	5,347,201
Charges for services	-	-	-	2,917,994
Fines and forfeitures	-	-	-	54,796
Investment income	1,092	-	1,092	1,333,541
Miscellaneous	-	-	-	241,664
<b>Total Revenues</b>	<b>1,092</b>	<b>-</b>	<b>1,092</b>	<b>25,202,165</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	421,320
Security of persons and property	-	-	-	7,869,002
Physical environment	-	-	-	782,862
Transportation	-	-	-	920,294
Economic environment	-	-	-	896,075
Mental/physical health	-	-	-	85,641
Culture and recreation	-	-	-	3,556,143
Capital outlay	190,266	-	190,266	2,434,547
Debt service:				
Principal	-	-	-	1,051,384
Interest and Debt Issuance Costs	-	-	-	484,669
<b>Total Expenditures</b>	<b>190,266</b>	<b>-</b>	<b>190,266</b>	<b>18,501,937</b>
Excess (deficiency) of revenues over (under) expenditures	(189,174)	-	(189,174)	6,700,228
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	-	3,269
Refunding Bonds Issued	-	-	-	1,315,000
Premiums on Bonds Issued	-	-	-	29,600
Transfers in	-	-	-	4,985,607
Bond Proceeds to Refunding Trustee	-	-	-	(1,328,167)
Transfers out	-	(82,595)	(82,595)	(5,736,432)
Total other financing sources (uses)	-	(82,595)	(82,595)	(731,123)
Net change in fund balances	(189,174)	(82,595)	(271,769)	5,969,105
Fund balances-beginning	189,174	82,595	271,769	34,160,096
<b>Fund balances-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,129,201</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Recreation Activities Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	3,434,000	3,434,000	3,223,871	(210,129)
Contributions	20,000	20,000	25,234	5,234
Investment Income	38,000	38,000	81,732	43,732
Miscellaneous	265,000	265,000	281,655	16,655
<b>Total Revenues</b>	<b>3,757,000</b>	<b>3,757,000</b>	<b>3,612,492</b>	<b>(144,508)</b>
<b>EXPENDITURES</b>				
Culture and recreation	3,597,284	3,597,284	3,431,155	166,129
<b>Total Expenditures</b>	<b>3,597,284</b>	<b>3,597,284</b>	<b>3,431,155</b>	<b>166,129</b>
Excess (deficiency) of revenues over (under) expenditures	159,716	159,716	181,337	21,621
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(40,073)	(40,073)	(40,073)	-
Total other financing sources (uses)	(40,073)	(40,073)	(40,073)	-
Net change in fund balance	119,643	119,643	141,264	21,621
Fund balance-beginning	587,726	537,406	558,096	20,690
<b>Fund balance-ending</b>	<b>\$ 707,369</b>	<b>\$ 657,049</b>	<b>\$ 699,360</b>	<b>\$ 42,311</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Arts Activity Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ 35,000	\$ 55,690	\$ 37,000	\$ (18,690)
Charges for services	9,000	9,000	10,537	1,537
Contributions	51,000	51,000	13,713	(37,287)
Investment Income	6,000	6,000	16,033	10,033
Miscellaneous	43,200	43,200	368	(42,832)
<b>Total Revenues</b>	<b>144,200</b>	<b>164,890</b>	<b>77,651</b>	<b>(87,239)</b>
<b>EXPENDITURES</b>				
Culture and recreation	329,354	329,354	328,640	714
Capital outlay	105,687	105,687	11,874	93,813
<b>Total Expenditures</b>	<b>435,041</b>	<b>435,041</b>	<b>340,514</b>	<b>94,527</b>
Excess (deficiency) of revenues over (under) expenditures	(290,841)	(270,151)	(262,863)	7,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	224,754	224,754	280,373	55,619
Total other financing sources (uses)	224,754	224,754	280,373	55,619
Net change in fund balance	(66,087)	(45,397)	17,510	62,907
Fund balance-beginning	229,873	214,127	214,127	-
<b>Fund balance-ending</b>	<b>\$ 163,786</b>	<b>\$ 168,730</b>	<b>\$ 231,637</b>	<b>\$ 62,907</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Parks Maintenance and Operation Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ 1,380,289	\$ 1,698,411	\$ 1,690,226	\$ (8,185)
Intergovernmental	40,000	40,000	40,000	-
Charges for services	100,000	100,000	198,632	98,632
Contributions	2,000	2,000	1,700	(300)
Investment Income	5,000	5,000	41,726	36,726
Miscellaneous	30,734	30,734	83,123	52,389
<b>Total Revenues</b>	<b>1,558,023</b>	<b>1,876,145</b>	<b>2,055,407</b>	<b>179,262</b>
<b>EXPENDITURES</b>				
Culture and recreation	1,599,993	1,918,115	1,849,312	68,803
Capital outlay	-	-	51,443	(51,443)
<b>Total Expenditures</b>	<b>1,599,993</b>	<b>1,918,115</b>	<b>1,900,755</b>	<b>17,360</b>
Excess (deficiency) of revenues over (under) expenditures	(41,970)	(41,970)	154,652	196,622
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	3,269	3,269
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	3,269	3,269
Net change in fund balance	(41,970)	(41,970)	157,921	199,891
Fund balance-beginning	341,450	414,143	414,143	-
<b>Fund balance-ending</b>	<b>\$ 299,480</b>	<b>\$ 372,173</b>	<b>\$ 572,064</b>	<b>\$ 199,891</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Community Events Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 7,500	\$ 7,500
Charges for services	20,000	20,000	34,082	14,082
Contributions	174,100	191,741	171,810	(19,931)
Miscellaneous	44,400	44,400	26,490	(17,910)
<b>Total Revenues</b>	<b>238,500</b>	<b>256,141</b>	<b>239,882</b>	<b>(16,259)</b>
<b>EXPENDITURES</b>				
Security of Persons and Property	-	-	27,483	(27,483)
Culture and Recreation	659,362	659,362	518,943	140,419
<b>Total Expenditures</b>	<b>659,362</b>	<b>659,362</b>	<b>546,426</b>	<b>112,936</b>
Excess (deficiency) of revenues over (under) expenditures	(420,862)	(403,221)	(306,544)	96,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	423,448	405,807	326,730	(79,077)
Total other financing sources (uses)	423,448	405,807	326,730	(79,077)
Net change in fund balance	2,586	2,586	20,186	17,600
Fund balance-beginning	11,954	-	-	-
<b>Fund balance-ending</b>	<b>\$ 14,540</b>	<b>\$ 2,586</b>	<b>\$ 20,186</b>	<b>\$ 17,600</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Microsoft Development Review Special Revenue 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)
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ 6,090,607	\$ 2,230,896	\$ (3,859,711)
Charges for services	-	-	1,532,709	1,532,709
<b>Total Revenues</b>	-	6,090,607	3,763,605	(2,327,002)
<b>EXPENDITURES</b>				
General Government	-	3,248,473	106,191	3,142,282
Security of Persons and Property	-	2,097,703	1,985,171	112,532
Physical environment	-	299,722	263,692	36,030
Economic development	-	202,209	123,981	78,228
Capital outlay	-	242,500	221,947	20,553
<b>Total Expenditures</b>	-	6,090,607	2,700,982	3,389,625
Excess (deficiency) of revenues over (under) expenditures	-	-	1,062,623	1,062,623
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	1,062,623	1,062,623
Fund balance-beginning	-	-	-	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,062,623</b>	<b>\$ 1,062,623</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Cable Access Special Revenue 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)
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 463	\$ 463
Contributions	420,000	472,300	420,434	(51,866)
Investment interest	71,000	71,000	96,335	25,335
<b>Total Revenues</b>	<b>491,000</b>	<b>543,300</b>	<b>517,232</b>	<b>(26,068)</b>
<b>EXPENDITURES</b>				
Economic development	1,328,050	1,360,507	189,887	1,170,620
Capital outlay	110,569	110,569	21,218	89,351
<b>Total Expenditures</b>	<b>1,438,619</b>	<b>1,471,076</b>	<b>211,105</b>	<b>1,259,971</b>
Excess (deficiency) of revenues over (under) expenditures	(947,619)	(927,776)	306,127	1,233,903
Net change in fund balance	(947,619)	(927,776)	306,127	1,233,903
Fund balance-beginning	947,619	927,776	927,776	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,233,903</b>	<b>\$ 1,233,903</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Operating Grants Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ 221,774	\$ 758,174	\$ 914,798	\$ 156,624
Charges for services	-	92,500	-	(92,500)
Investment income	151,800	151,800	268,111	116,311
Miscellaneous	-	-	32,637	32,637
<b>Total Revenues</b>	<b>373,574</b>	<b>1,002,474</b>	<b>1,215,546</b>	<b>213,072</b>
<b>EXPENDITURES</b>				
Transportation	3,758,328	5,266,408	1,739,685	3,526,723
Capital outlay	-	-	211,622	(211,622)
<b>Total Expenditures</b>	<b>3,758,328</b>	<b>5,266,408</b>	<b>1,951,307</b>	<b>3,315,101</b>
Excess (deficiency) of revenues over (under) expenditures	(3,384,754)	(4,263,934)	(735,761)	3,528,173
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,070,000	1,930,288	1,930,288	-
Total other financing sources (uses)	1,070,000	1,930,288	1,930,288	-
Net change in fund balance	(2,314,754)	(2,333,646)	1,194,527	3,528,173
Fund balance-beginning	2,520,890	2,333,646	2,333,646	-
<b>Fund balance-ending</b>	<b>\$ 206,136</b>	<b>\$ -</b>	<b>\$ 3,528,173</b>	<b>\$ 3,528,173</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Human Services Grants Special Revenue 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)
<b>REVENUES</b>				
Contributions	\$ -	\$ 39,923	\$ 41,382	\$ 1,459
<b>Total Revenues</b>	<b>-</b>	<b>39,923</b>	<b>41,382</b>	<b>1,459</b>
<b>EXPENDITURES</b>				
Economic development	1,065,763	1,105,686	1,052,078	53,608
Mental/physical health	168,768	168,768	171,565	(2,797)
<b>Total Expenditures</b>	<b>1,234,531</b>	<b>1,274,454</b>	<b>1,223,643</b>	<b>50,811</b>
Excess (deficiency) of revenues over (under) expenditures	(1,234,531)	(1,234,531)	(1,182,261)	52,270
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,191,868	1,191,868	1,191,868	-
Total other financing sources (uses)	1,191,868	1,191,868	1,191,868	-
Net change in fund balance	(42,663)	(42,663)	9,607	52,270
Fund balance-beginning	47,664	53,547	53,547	-
<b>Fund balance-ending</b>	<b>\$ 5,001</b>	<b>\$ 10,884</b>	<b>\$ 63,154</b>	<b>\$ 52,270</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Operating Reserve Special Revenue 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)
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 34,661	\$ 34,661
<b>Total Revenues</b>	-	-	34,661	34,661
<b>EXPENDITURES</b>				
Security of persons and property	140,000	140,000	33,942	106,058
<b>Total Expenditures</b>	140,000	140,000	33,942	106,058
Excess (deficiency) of revenues over (under) expenditures	(140,000)	(140,000)	719	140,719
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,514,645	1,514,645	1,507,420	(7,225)
Transfers out	-	-	(36,411)	(36,411)
Total other financing sources (uses)	1,514,645	1,514,645	1,471,009	(43,636)
Net change in fund balance	1,374,645	1,374,645	1,471,728	97,083
Fund balance-beginning	5,068,991	5,068,991	5,073,832	4,841
<b>Fund balance-ending</b>	<b>\$ 6,443,636</b>	<b>\$ 6,443,636</b>	<b>\$ 6,545,560</b>	<b>\$ 101,924</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Fire Levy Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,285,797	\$ 2,255,943	\$ (29,854)
Investment income	-	-	11,712	11,712
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>2,285,797</b>	<b>2,267,655</b>	<b>(18,142)</b>
<b>EXPENDITURES</b>				
Security	-	1,414,213	1,132,902	281,311
Debt service				
Principal	-	25,000	7,502	17,498
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,439,213</b>	<b>1,140,404</b>	<b>298,809</b>
Excess (deficiency) of revenues over (under) expenditures	-	846,584	1,127,251	280,667
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	846,584	1,127,251	280,667
Fund balance-beginning	-	-	-	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ 846,584</b>	<b>\$ 1,127,251</b>	<b>\$ 280,667</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Police Levy Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,174,055	\$ 2,167,425	\$ (6,630)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Investment income	-	-	18,216	18,216
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	-	2,174,055	2,185,641	11,586
<b>EXPENDITURES</b>				
Security	-	1,966,964	1,344,204	622,760
Capital Outlay	-	43,250	-	43,250
Debt Service				
Interest and Debt Issuance Costs	-	-	1,008	(1,008)
<b>Total Expenditures</b>	-	2,010,214	1,345,212	665,002
Excess (deficiency) of revenues over (under) expenditures	-	163,841	840,429	676,588
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	325,000	325,000	-
Total other financing sources (uses)	-	325,000	325,000	-
Net change in fund balance	-	488,841	1,165,429	676,588
Fund balance-beginning	-	-	-	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ 488,841</b>	<b>\$ 1,165,429</b>	<b>\$ 676,588</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Parks Levy Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ -	\$ 319,000	\$ 316,399	\$ (2,601)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Investment income	-	-	1,457	1,457
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	-	319,000	317,856	(1,144)
<b>EXPENDITURES</b>				
Economic development	-	35,000	4,512	30,488
Culture and recreation	-	284,000	185,892	98,108
Debt Service				
Interest and Debt Issuance Costs	-	-	46	(46)
<b>Total Expenditures</b>	-	319,000	190,450	128,550
Excess (deficiency) of revenues over (under) expenditures	-	-	127,406	127,406
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	127,406	127,406
Fund balance-beginning	-	-	-	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 127,406</b>	<b>\$ 127,406</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Capital Equipment Special Revenue 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)
<b>REVENUES</b>				
Investment income	\$ 82,500	\$ 82,500	\$ 284,462	\$ 201,962
Miscellaneous	-	-	213	213
<b>Total Revenues</b>	<b>82,500</b>	<b>82,500</b>	<b>284,675</b>	<b>202,175</b>
<b>EXPENDITURES</b>				
Current				
General government	951,235	951,235	622,193	329,042
Security of persons and property	76,640	76,640	38,462	38,178
Physical environment	-	-	-	-
Economic environment	19,378	19,378	15,767	3,611
Culture and recreation	146,545	146,545	144,173	2,372
Capital outlay	1,678,651	1,633,651	385,968	1,247,683
<b>Total Expenditures</b>	<b>2,872,449</b>	<b>2,827,449</b>	<b>1,206,563</b>	<b>1,620,886</b>
Excess (deficiency) of revenues over (under) expenditures	(2,789,949)	(2,744,949)	(921,888)	1,823,061
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,200,000	3,369,000	3,369,000	-
Transfers out	-	(45,000)	(45,000)	-
Total other financing sources (uses)	3,200,000	3,324,000	3,324,000	-
Net change in fund balance	410,051	579,051	2,402,112	1,823,061
Fund balance-beginning	1,438,105	1,438,105	1,305,738	(132,367)
<b>Fund balance-ending</b>	<b>\$ 1,848,156</b>	<b>\$ 2,017,156</b>	<b>\$ 3,707,850</b>	<b>\$ 1,690,694</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Fire Equipment Special Revenue 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)
<b>REVENUES</b>				
Contributions	\$ 40,000	\$ 50,000	\$ 172,239	\$ 122,239
Intergovernmental	-	-	15,473	15,473
Investment income	156,000	156,000	270,199	114,199
Miscellaneous	60,000	60,000	60,501	501
<b>Total Revenues</b>	<b>256,000</b>	<b>266,000</b>	<b>518,412</b>	<b>252,412</b>
<b>EXPENDITURES</b>				
Security of persons and property	90,000	100,000	85,563	14,437
Capital outlay	2,562,996	2,562,996	1,773,908	789,088
<b>Total Expenditures</b>	<b>2,652,996</b>	<b>2,662,996</b>	<b>1,859,471</b>	<b>803,525</b>
Excess (deficiency) of revenues over (under) expenditures	(2,396,996)	(2,396,996)	(1,341,059)	1,055,937
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposition of capital assets	10,000	10,000	7,750	(2,250)
Transfers in	1,422,000	1,422,000	1,422,000	-
Total other financing sources (uses)	1,432,000	1,432,000	1,429,750	(2,250)
Net change in fund balance	(964,996)	(964,996)	88,691	1,053,687
Fund balance-beginning	2,418,184	2,418,184	2,752,505	334,321
<b>Fund balance-ending</b>	<b>\$ 1,453,188</b>	<b>\$ 1,453,188</b>	<b>\$ 2,841,196</b>	<b>\$ 1,388,008</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Real Estate Excise Tax Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ 9,580,718	\$ 9,580,718	\$ 12,836,895	\$ 3,256,177
Investment income	247,500	247,500	775,154	527,654
<b>Total Revenues</b>	<b>9,828,218</b>	<b>9,828,218</b>	<b>13,612,049</b>	<b>3,783,831</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(14,058,498)	(14,133,298)	(12,620,379)	1,512,919
Total other financing sources (uses)	(14,058,498)	(14,133,298)	(12,620,379)	1,512,919
Net change in fund balance	(4,230,280)	(4,305,080)	991,670	5,296,750
Fund balance-beginning	5,485,189	5,485,189	8,554,095	3,068,906
<b>Fund balance-ending</b>	<b>\$ 1,254,909</b>	<b>\$ 1,180,109</b>	<b>\$ 9,545,765</b>	<b>\$ 8,365,656</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Felony Seizure Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 500	\$ 500
Fines and forfeitures	-	52,326	69,648	17,322
<b>Total Revenues</b>	-	52,326	70,148	17,822
<b>EXPENDITURES</b>				
Security of persons and property	71,907	124,233	8,770	115,463
<b>Total Expenditures</b>	71,907	124,233	8,770	115,463
Excess (deficiency) of revenues over (under) expenditures	(71,907)	(71,907)	61,378	133,285
Net change in fund balance	(71,907)	(71,907)	61,378	133,285
Fund balance-beginning	79,571	79,571	75,047	(4,524)
<b>Fund balance-ending</b>	<u>\$ 7,664</u>	<u>\$ 7,664</u>	<u>\$ 136,425</u>	<u>\$ 128,761</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Emergency Dispatch Special Revenue 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)
EXPENDITURES				
Security of persons and property	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance-beginning	-	-	9,693	9,693
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,693</b>	<b>\$ 9,693</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Business License Surcharge Special Revenue 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	\$ 7,275,595	\$ 7,275,595	\$ 8,472,151	\$ 1,196,556
Investment income	495,000	495,000	503,371	8,371
<b>Total Revenues</b>	<b>7,770,595</b>	<b>7,770,595</b>	<b>8,975,522</b>	<b>1,204,927</b>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,084,256)	(7,084,256)	(5,202,443)	1,881,813
Total other financing sources (uses)	(7,084,256)	(7,084,256)	(5,202,443)	1,881,813
Net change in fund balance	686,339	686,339	3,773,079	3,086,740
Fund balance-beginning	4,554,869	4,554,869	1,070,634	(3,484,235)
<b>Fund balance-ending</b>	<b>\$ 5,241,208</b>	<b>\$ 5,241,208</b>	<b>\$ 4,843,713</b>	<b>\$ (397,495)</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Tourism Special Revenue 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)
<b>REVENUES</b>				
Taxes	\$ 475,000	\$ 475,000	\$ 599,219	\$ 124,219
Investment income	15,675	15,675	36,350	20,675
<b>Total Revenues</b>	<b>490,675</b>	<b>490,675</b>	<b>635,569</b>	<b>144,894</b>
<b>EXPENDITURES</b>				
Economic development	431,513	479,120	318,400	160,720
<b>Total Expenditures</b>	<b>431,513</b>	<b>479,120</b>	<b>318,400</b>	<b>160,720</b>
Excess (deficiency) of revenues over (under) expenditures	59,162	11,555	317,169	305,614
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(242,448)	(227,991)	(203,991)	24,000
Total other financing sources (uses)	(242,448)	(227,991)	(203,991)	24,000
Net change in fund balance	(183,286)	(216,436)	113,178	329,614
Fund balance-beginning	288,752	319,044	319,044	-
<b>Fund balance-ending</b>	<b>\$ 105,466</b>	<b>\$ 102,608</b>	<b>\$ 432,222</b>	<b>\$ 329,614</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Solid Waste Recycling Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ 106,000	\$ 106,000	\$ 327,424	\$ 221,424
Charges for services	762,000	766,254	740,736	(25,518)
Investment Income	47,025	47,025	57,420	10,395
Miscellaneous	4,200	4,200	17,597	13,397
<b>Total Revenues</b>	<b>919,225</b>	<b>923,479</b>	<b>1,143,177</b>	<b>219,698</b>
<b>EXPENDITURES</b>				
Physical environment	1,362,617	1,360,039	1,100,399	259,640
<b>Total Expenditures</b>	<b>1,362,617</b>	<b>1,360,039</b>	<b>1,100,399</b>	<b>259,640</b>
Excess (deficiency) of revenues over (under) expenditures	(443,392)	(436,560)	42,778	479,338
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	-	-	(30,000)	(30,000)
Net change in fund balance	(443,392)	(436,560)	12,778	449,338
Fund balance-beginning	540,799	586,503	586,503	-
<b>Fund balance-ending</b>	<b>\$ 97,407</b>	<b>\$ 149,943</b>	<b>\$ 599,281</b>	<b>\$ 449,338</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Advanced Life Support Special Revenue 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)
<b>REVENUES</b>				
Intergovernmental	\$ 9,805,746	\$ 10,653,383	\$ 10,150,986	\$ (502,397)
Charges for services	-	-	-	-
Contributions	-	-	70,000	70,000
Investment Income	-	-	15,876	15,876
<b>Total Revenues</b>	<b>9,805,746</b>	<b>10,653,383</b>	<b>10,236,862</b>	<b>(416,521)</b>
<b>EXPENDITURES</b>				
Security of persons and property	9,019,682	10,494,682	10,067,391	427,291
Capital outlay	-	50,809	78,183	(27,374)
<b>Total Expenditures</b>	<b>9,019,682</b>	<b>10,545,491</b>	<b>10,145,574</b>	<b>399,917</b>
Excess (deficiency) of revenues over (under) expenditures	786,064	107,892	91,288	(16,604)
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposition of capital assets	-	-	28,000	28,000
Transfers in	-	-	(8,787)	(8,787)
Total other financing sources (uses)	-	-	19,213	19,213
Net change in fund balance	786,064	107,892	110,501	2,609
Fund balance-beginning	265,686	-	-	-
<b>Fund balance-ending</b>	<b>\$ 1,051,750</b>	<b>\$ 107,892</b>	<b>\$ 110,501</b>	<b>\$ 2,609</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Regular Levy Debt Service 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)
<b>EXPENDITURES</b>				
Principal	\$ 1,592,945	\$ 1,961,415	\$ 1,539,602	\$ 421,813
Interest	-		421,813	(421,813)
<b>Total Expenditures</b>	<b>1,592,945</b>	<b>1,961,415</b>	<b>1,961,415</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,592,945	1,961,415	1,961,415	-
Total other financing sources (uses)	1,592,945	1,961,415	1,961,415	-
Net change in fund balance	-	-	-	-
Fund balance-beginning	-	-	-	-
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Special Levy Debt Service 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)
<b>REVENUES</b>				
Taxes	\$ 598,012	\$ 598,012	\$ 599,818	\$ 1,806
<b>Total Revenues</b>	<b>598,012</b>	<b>598,012</b>	<b>599,818</b>	<b>1,806</b>
<b>EXPENDITURES</b>				
Principal	430,000	430,000	430,000	-
Interest	168,012	168,012	156,920	11,092
<b>Total Expenditures</b>	<b>598,012</b>	<b>598,012</b>	<b>586,920</b>	<b>11,092</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	12,898	12,898
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	1,344,600	1,344,600
Bond Proceeds to Refunding Trustee	-	-	(1,328,167)	(1,328,167)
Total other financing sources (uses)	-	-	16,433	16,433
Net change in fund balance	-	-	29,331	29,331
Fund balance-beginning	954,186	954,186	244,202	(709,984)
<b>Fund balance-ending</b>	<b>\$ 954,186</b>	<b>\$ 954,186</b>	<b>\$ 273,533</b>	<b>\$ (680,653)</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Capital Improvements Program (CIP) Capital Projects 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)
Taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ -
Intergovernmental	7,652,439	8,250,338	7,212,650	(1,037,688)
Charges for services	9,356,022	9,356,022	7,189,538	(2,166,484)
Contributions	17,175,150	17,782,022	5,380,838	(12,401,184)
Investment income	1,977,103	1,977,103	3,229,736	1,252,633
Miscellaneous	28,087,000	28,799,000	1,091,477	(27,707,523)
<b>Total Revenues</b>	<b>66,447,714</b>	<b>68,364,485</b>	<b>26,304,239</b>	<b>(42,060,246)</b>
<b>EXPENDITURES</b>				
Current				
General government	2,472,380	2,469,264	2,815,533	(346,269)
Security of persons and property	961,545	1,069,460	1,449,499	(380,039)
Physical environment	215,119	207,808	69,998	137,810
Transportation	5,420,579	5,660,579	4,598,955	1,061,624
Economic development	200,000	290,146	175,000	115,146
Culture and recreation	1,163,158	1,339,250	1,518,919	(179,669)
Capital outlay	75,818,169	83,996,601	60,208,744	23,787,857
Debt service				
Principal	4,994,587	4,994,587	2,396,716	2,597,871
Interest	3,636,562	3,636,562	4,322,007	(685,445)
<b>Total Expenditures</b>	<b>94,882,099</b>	<b>103,664,257</b>	<b>77,555,371</b>	<b>26,108,886</b>
Excess (deficiency) of revenues over (under) expenditures	(28,434,385)	(35,299,772)	(51,251,132)	(15,951,360)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	35,215,315	35,215,315
Disposition of assets	-	-	3,164,850	3,164,850
Transfers in	29,143,128	32,948,931	23,509,430	(9,439,501)
Transfers out	(3,362,945)	(7,580,353)	(2,677,946)	4,902,407
Total other financing sources (uses)	25,780,183	25,368,578	59,211,650	33,843,072
Net change in fund balance	(2,654,202)	(9,931,194)	7,960,518	17,891,712
Fund balance-beginning	28,279,193	28,279,193	39,423,426	11,144,233
<b>Fund balance-ending</b>	<b>\$ 25,624,991</b>	<b>\$ 18,347,999</b>	<b>\$ 47,383,944</b>	<b>\$ 29,035,945</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Park Acquisition and Renovation Capital Projects 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)
<b>REVENUES</b>				
Investment income	\$ 14,700	\$ 14,700	\$ 8,349	\$ (6,351)
<b>Total Revenues</b>	<b>14,700</b>	<b>14,700</b>	<b>8,349</b>	<b>(6,351)</b>
<b>EXPENDITURES</b>				
Capital outlay	194,396	194,396	190,266	4,130
<b>Total Expenditures</b>	<b>194,396</b>	<b>194,396</b>	<b>190,266</b>	<b>4,130</b>
Excess (deficiency) of revenues over (under) expenditures	(179,696)	(179,696)	(181,917)	(2,221)
Net change in fund balance	(179,696)	(179,696)	(181,917)	(2,221)
Fund balance-beginning	179,696	179,696	181,917	2,221
<b>Fund balance-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
G.O. Bonds Fire Capital Projects 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)
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>EXPENDITURES</b>				
Current				
Security of persons and property	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(82,595)	(82,595)	-
Total other financing sources (uses)	-	(82,595)	(82,595)	-
Net change in fund balance	-	(82,595)	(82,595)	-
Fund balance-beginning	82,203	82,595	82,595	-
<b>Fund balance-ending</b>	<b>\$ 82,203</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to another department or agency of the City.

The **Fleet Maintenance Fund** accounts for the cost of maintaining all City vehicles and construction equipment except fire equipment. All costs, including depreciation, are included in establishing the rate to be charged to each department.

The **Insurance Fund** accounts for the payment of all City insurance premiums and claims for which each City department is charged.

The **Medical Self Insurance Fund** accounts for all revenues, expenses and reserves associated with the City's medical self-insurance program.

The **Workman's Compensation Fund** accounts for all revenues, expenses, and reserves associated with the City's workers compensation self-insurance program.

The **Information Technology Fund** accounts for the costs of information technology implementation, management, and support for all City departments.

The **Redmond Community Properties (RCP) Fund** reports the operating activities of a blended component unit of the City, the Redmond Public Corporation. This fund accounts for the monthly maintenance expenses of City Hall and the asset management fees paid to RCP.

## Combining Statement of Net Assets Internal Service Funds

December 31, 2008

Page 1 of 2

	Fleet Maintenance	Insurance	Medical Self- Insurance	Workman's Compensation
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 294,450	\$ -	\$ 265,423	\$ 42,821
Investments	4,519,587	665,231	4,522,585	767,153
Receivables:				
Accounts and Contracts	-	-	-	-
Interest	52,338	7,795	52,520	8,909
Inventory	36,342	-	-	-
Prepaid insurance	-	348,752	-	-
Restricted assets:				
Deposits	-	-	4	-
<b>Total Current Assets</b>	<u>4,902,717</u>	<u>1,021,778</u>	<u>4,840,532</u>	<u>818,883</u>
Noncurrent assets:				
Land	584,292	-	-	-
Buildings	510,196	-	-	-
Improvements other than buildings	248,876	-	-	-
Equipment	10,088,383	-	-	-
Less accumulated depreciation	(6,358,543)	-	-	-
<b>Total Noncurrent Assets</b>	<u>5,073,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 9,975,921</u>	<u>\$ 1,021,778</u>	<u>\$ 4,840,532</u>	<u>\$ 818,883</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 43,872	\$ 16,724	\$ 751,804	\$ 116,724
Employee wages payable	12,780	9,797	124	-
Compensated absences	28,366	8,113	-	-
Customer deposits payable	-	-	4	-
Unearned Revenues	-	-	-	-
<b>Total Current Liabilities</b>	<u>85,018</u>	<u>34,634</u>	<u>751,932</u>	<u>116,724</u>
Noncurrent liabilities:				
Compensated absences	7,091	2,029	-	-
<b>Total Noncurrent Liabilities</b>	<u>7,091</u>	<u>2,029</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>92,109</u>	<u>36,663</u>	<u>751,932</u>	<u>116,724</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,073,204	-	-	-
Unrestricted	4,810,608	985,115	4,088,600	702,159
<b>Total Net Assets</b>	<u>\$ 9,883,812</u>	<u>\$ 985,115</u>	<u>\$ 4,088,600</u>	<u>\$ 702,159</u>

**CITY OF REDMOND**

Combining Statement of Net Assets, Internal Service Funds – Page 2 of 2

	Information Technology	Redmond Community Properties	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 678,531	\$ 426,158	\$ 1,707,383
Investments	-	-	10,474,556
Receivables:			
Accounts and Contracts	-	33,415	33,415
Interest	-	218	121,780
Inventory	-	-	36,342
Prepaid insurance	-	46,362	395,114
Restricted assets:			
Deposits	-	-	4
<b>Total Current Assets</b>	<b>678,531</b>	<b>506,153</b>	<b>12,768,594</b>
Noncurrent assets:			
Land	-	-	584,292
Buildings	109,298	-	619,494
Improvements other than buildings	29,223	-	278,099
Equipment	208,884	-	10,297,267
Less accumulated depreciation	(105,271)	-	(6,463,814)
<b>Total Noncurrent Assets</b>	<b>242,134</b>	<b>-</b>	<b>5,315,338</b>
<b>Total Assets</b>	<b>\$ 920,665</b>	<b>\$ 506,153</b>	<b>\$ 18,083,932</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 68,942	\$ 178,969	\$ 1,177,035
Employee wages payable	79,796	-	102,497
Compensated absences	96,626	-	133,105
Customer deposits payable	-	-	4
Unearned Revenues	-	93,224	93,224
<b>Total Current Liabilities</b>	<b>245,364</b>	<b>272,193</b>	<b>1,505,865</b>
Noncurrent liabilities:			
Compensated absences	24,156	-	33,276
<b>Total Noncurrent Liabilities</b>	<b>24,156</b>	<b>-</b>	<b>33,276</b>
<b>Total Liabilities</b>	<b>269,520</b>	<b>272,193</b>	<b>1,539,141</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	242,134	-	5,315,338
Unrestricted	409,011	233,960	11,229,453
<b>Total Net Assets</b>	<b>\$ 651,145</b>	<b>\$ 233,960</b>	<b>\$ 16,544,791</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets Internal Service Funds

Page 1 of 2

For the year ended December 31, 2008

	Fleet Maintenance	Insurance	Medical Self- Insurance	Workman's Compensation
Operating revenues:				
Charges for services	\$ 307,089	\$ -	\$ -	\$ -
Charges for replacement	2,157,550	-	-	-
Charges for insurance	-	1,104,579	7,022,326	1,000,167
<b>Total Operating Revenues</b>	<u>2,464,639</u>	<u>1,104,579</u>	<u>7,022,326</u>	<u>1,000,167</u>
Operating expenses:				
Administrative and general	-	940,523	6,974,406	693,056
Maintenance and operations	1,038,302	-	-	-
Supplies	507,656	4,538	450	-
Depreciation and amortization	948,705	-	-	-
<b>Total Operating Expenses</b>	<u>2,494,663</u>	<u>945,061</u>	<u>6,974,856</u>	<u>693,056</u>
Operating income (loss)	<u>(30,024)</u>	<u>159,518</u>	<u>47,470</u>	<u>307,111</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	198,301	30,360	191,165	27,663
Gain on sale of capital assets	148,178	-	-	-
Insurance Recovery	-	11,475	-	-
Miscellaneous	3,279	-	712,288	-
Total nonoperating revenues (expenses)	<u>349,758</u>	<u>41,835</u>	<u>903,453</u>	<u>27,663</u>
<b>Income (loss) before contributions and transfers</b>	<u>319,734</u>	<u>201,353</u>	<u>950,923</u>	<u>334,774</u>
Capital contributions	282,464	-	-	-
Transfers in	-	-	36,411	-
Change in net assets	<u>602,198</u>	<u>201,353</u>	<u>987,334</u>	<u>334,774</u>
Total net assets - beginning	9,281,614	783,762	3,101,266	367,385
<b>Total net assets - ending</b>	<u><u>\$ 9,883,812</u></u>	<u><u>\$ 985,115</u></u>	<u><u>\$ 4,088,600</u></u>	<u><u>\$ 702,159</u></u>

**CITY OF REDMOND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets, Internal Service Funds –  
Page 2 of 2

	Information Technology	Redmond Community Properties	Total
Operating revenues:			
Charges for services	\$ 2,984,155	\$ 925,545	\$ 4,216,789
Charges for replacement	-	-	2,157,550
Charges for insurance	-	-	9,127,072
<b>Total Operating Revenues</b>	<u>2,984,155</u>	<u>925,545</u>	<u>15,501,411</u>
Operating expenses:			
Administrative and general	2,834,800	354,337	11,797,122
Maintenance and operations	-	499,246	1,537,548
Supplies	241,723	-	754,367
Depreciation and amortization	23,468	-	972,173
<b>Total Operating Expenses</b>	<u>3,099,991</u>	<u>853,583</u>	<u>15,061,210</u>
Operating income (loss)	<u>(115,836)</u>	<u>71,962</u>	<u>440,201</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	-	11,643	459,132
Gain on sale of capital assets	-	-	148,178
Insurance Recovery	-	-	11,475
Miscellaneous	-	-	715,567
Total nonoperating revenues (expenses)	<u>-</u>	<u>11,643</u>	<u>1,334,352</u>
<b>Income (loss) before contributions and transfers</b>	<u>(115,836)</u>	<u>83,605</u>	<u>1,774,553</u>
Capital contributions	-	-	282,464
Transfers in	-	-	36,411
Change in net assets	<u>(115,836)</u>	<u>83,605</u>	<u>2,093,428</u>
Total net assets - beginning	<u>766,981</u>	<u>150,355</u>	<u>14,451,363</u>
<b>Total net assets - ending</b>	<u><u>\$ 651,145</u></u>	<u><u>\$ 233,960</u></u>	<u><u>\$ 16,544,791</u></u>

## Combining Statement of Cash Flows Internal Service Funds

Page 1 of 4

For the year ended December 31, 2008

	Fleet Maintenance	Insurance	Medical Self- Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 307,089	\$ 1,104,579	\$ 7,022,330
Cash received for replacement	2,157,550	-	-
Cash payments to suppliers	(746,343)	(735,627)	(7,119,670)
Cash payments to employees	(518,282)	(183,817)	(3)
Internal activity - payments to other funds	(373,083)	(30,258)	-
Other operating receipts	3,279	11,475	712,288
Other operating payments	-	(8,027)	-
<b>Net cash provided (used) by operating activities</b>	<u>830,210</u>	<u>158,325</u>	<u>614,945</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	-	-	36,411
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>36,411</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,259,231)	-	-
Proceeds from sale of capital assets	158,345	-	-
<b>Net cash used for capital and related financing activities</b>	<u>(1,100,886)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	(867,208)	(307,366)	(1,511,164)
Interest on investments	217,577	29,582	197,691
<b>Net cash provided (used) in investing activities</b>	<u>(649,631)</u>	<u>(277,784)</u>	<u>(1,313,473)</u>
Net increase (decrease) in cash and cash equivalents	(920,307)	(119,459)	(662,117)
Cash and cash equivalents- beginning of year	1,214,757	119,459	927,544
<b>Cash and cash equivalents-end of year</b>	<u>\$ 294,450</u>	<u>\$ -</u>	<u>\$ 265,427</u>
Cash at the end of the year consists of:			
Operating fund cash	\$ 294,450	\$ -	\$ 265,423
Customer deposits	-	-	4
<b>Total cash at end of year</b>	<u>\$ 294,450</u>	<u>\$ -</u>	<u>\$ 265,427</u>

CITY OF REDMOND

Combining Statement of Cash Flows, Internal Service Funds – Page 2 of 4

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,000,167	\$ 2,984,155	\$ 906,404	\$ 13,324,724
Cash received for replacement	-	-	-	2,157,550
Cash payments to suppliers	(656,997)	(1,006,364)	(685,125)	(10,950,126)
Cash payments to employees	-	(1,877,070)	(158,070)	(2,737,242)
Internal activity - pmts to other funds	-	(183,749)	-	(587,090)
Other operating receipts	-	-	-	727,042
Other operating payments	-	-	-	(8,027)
<b>Net cash provided (used) by operating activities</b>	<u>343,170</u>	<u>(83,028)</u>	<u>63,209</u>	<u>1,926,831</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	-	-	-	36,411
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,411</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(20,000)	-	(1,279,231)
Proceeds from sale of capital assets	-	-	-	158,345
<b>Net cash used for capital and related financing activities</b>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(1,120,886)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment purchases	(434,715)	-	-	(3,120,453)
Interest on investments	25,272	-	11,425	481,547
<b>Net cash provided (used) in investing activities</b>	<u>(409,443)</u>	<u>-</u>	<u>11,425</u>	<u>(2,638,906)</u>
Net increase (decrease) in cash and cash equivalents	(66,273)	(103,028)	74,634	(1,796,550)
Cash and cash equivalents- beginning of year	109,094	781,559	351,524	3,503,937
<b>Cash and cash equivalents-end of year</b>	<u>\$ 42,821</u>	<u>\$ 678,531</u>	<u>\$ 426,158</u>	<u>\$ 1,707,387</u>
Cash at the end of the year consists of:				
Operating fund cash	\$ 42,821	\$ 678,531	\$ 426,158	\$ 1,707,383
Customer deposits	-	-	-	4
<b>Total cash at end of year</b>	<u>\$ 42,821</u>	<u>\$ 678,531</u>	<u>\$ 426,158</u>	<u>\$ 1,707,387</u>

	<u>Fleet Maintenance</u>	<u>Insurance</u>	<u>Medical Self- Insurance</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (30,024)	\$ 159,518	\$ 47,470
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY			
Operating activities:			
Depreciation	948,705	-	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in inventory	(8,743)	-	-
Decrease (Increase) in prepaid expenses	-	(8,027)	-
Increase (Decrease) in accounts payable	(79,824)	(4,074)	(144,814)
Increase (Decrease) in employee wages payable	(4,966)	1,059	(3)
Increase (Decrease) in compensated absences	1,783	(1,626)	-
Increase (Decrease) in customer deposits payable	-	-	4
Reclassify other income	3,279	11,475	712,288
Increase in unearned revenue	-	-	-
<b>Net cash provided (used) by operating activities</b>	<u>\$ 830,210</u>	<u>\$ 158,325</u>	<u>\$ 614,945</u>

**CITY OF REDMOND**

Combining Statement of Cash Flows, Internal Service Funds – Page 4 of 4

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 307,111	\$ (115,836)	\$ 71,962	\$ 440,201
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY</b>				
Operating activities:				
Depreciation	-	23,468	-	972,173
Decrease (Increase) in accounts receivable	-	-	(21,637)	(21,637)
Decrease (Increase) in inventory	-	-	-	(8,743)
Decrease (Increase) in prepaid expenses	-	-	7,714	(313)
Increase (Decrease) in accounts payable	36,059	(3,503)	2,674	(193,482)
Increase (Decrease) in employee wages payable	-	4,656	-	746
Increase (Decrease) in compensated absences	-	8,187	-	8,344
Increase (Decrease) in customer deposits payable	-	-	-	4
Reclassify other income	-	-	-	727,042
Increase in unearned revenue	-	-	2,496	2,496
<b>Net cash provided (used)</b>				
<b>by operating activities</b>	<b>\$ 343,170</b>	<b>\$ (83,028)</b>	<b>\$ 63,209</b>	<b>\$ 1,926,831</b>
Noncash investing, capital and financing activities:				
Other funds of the city transferred vehicles valued at				\$ 282,464
The fair value of investments in the Fleet Maintenance Fund increased by				11,377
The fair value of investments in the Insurance Fund increased by				1,703
The fair value of investments in the Medical Self-Insurance Fund increased by				11,384
The fair value of investments in the Workman's Compensation Fund increased by				1,931

## Agency Funds

Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

The **Intergovernmental Custodial Fund** accounts for revenues which are transferred to other governmental agencies.

The **Municipal Employees Benefit Trust** accounts for retirement monies until they are transferred to an investment firm. In 1975, City employees voted to replace the Federal Social Security Program with this private retirement plan.

The **Contractors Deposit Fund** accounts for cash bond deposits received from contractors or private parties and amounts retained from contractor's payments on City projects as a performance guarantee.

**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**

December 31, 2008

	Inter- Governmental Custodial	MEBT	Contractors' Deposits	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,759	\$ 36,981	\$ 834,724	\$ 882,464
Receivables	4	-	-	4
<b>Total Assets</b>	<u>\$ 10,763</u>	<u>\$ 36,981</u>	<u>\$ 834,724</u>	<u>\$ 882,468</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 10,763	\$ -	\$ -	\$ 10,763
Custodial	-	36,981	-	36,981
Trust account	-	-	834,724	834,724
<b>Total Liabilities</b>	<u>\$ 10,763</u>	<u>\$ 36,981</u>	<u>\$ 834,724</u>	<u>\$ 882,468</u>

**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**

December 31, 2008

	1-1-08 Balance	Additions	Deletions	12-31-08 Balance
<b>INTERGOVERNMENTAL CUSTODIAL</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 26,742	\$ 316,392	\$ 332,375	\$ 10,759
Receivables	-	4	-	4
<b>Total Assets</b>	<u>\$ 26,742</u>	<u>\$ 316,396</u>	<u>\$ 332,375</u>	<u>\$ 10,763</u>
<b>Liabilities</b>				
Due to other governments	\$ 26,742	\$ 109,086	\$ 125,065	\$ 10,763
<b>Total Liabilities</b>	<u>\$ 26,742</u>	<u>\$ 109,086</u>	<u>\$ 125,065</u>	<u>\$ 10,763</u>
<b>MEBT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 35,464	\$ 3,673,969	\$ 3,672,452	\$ 36,981
<b>Total Assets</b>	<u>\$ 35,464</u>	<u>\$ 3,673,969</u>	<u>\$ 3,672,452</u>	<u>\$ 36,981</u>
<b>Liabilities</b>				
Custodial	\$ 35,464	\$ 3,778,691	\$ 3,777,174	\$ 36,981
<b>Total Liabilities</b>	<u>\$ 35,464</u>	<u>\$ 3,778,691</u>	<u>\$ 3,777,174</u>	<u>\$ 36,981</u>
<b>CONTRACTORS DEPOSIT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 693,624	\$ 383,293	\$ 242,193	\$ 834,724
<b>Total Assets</b>	<u>\$ 693,624</u>	<u>\$ 383,293</u>	<u>\$ 242,193</u>	<u>\$ 834,724</u>
<b>Liabilities</b>				
Trust account	\$ 693,624	\$ 383,294	\$ 242,194	\$ 834,724
<b>Total Liabilities</b>	<u>\$ 693,624</u>	<u>\$ 383,294</u>	<u>\$ 242,194</u>	<u>\$ 834,724</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 755,826	\$ 4,373,658	\$ 4,247,020	\$ 882,464
Receivables	4	-	-	4
<b>Total Assets</b>	<u>\$ 755,830</u>	<u>\$ 4,373,658</u>	<u>\$ 4,247,020</u>	<u>\$ 882,468</u>
<b>Liabilities</b>				
Due to other governments	\$ 26,742	\$ 109,086	\$ 125,065	\$ 10,763
Custodial	35,464	3,778,691	3,777,174	36,981
Trust account	693,624	383,294	242,194	834,724
<b>Total Liabilities</b>	<u>\$ 755,830</u>	<u>\$ 4,271,071</u>	<u>\$ 4,144,433</u>	<u>\$ 882,468</u>

**Capital Assets Used in the Operation of Governmental Funds**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source**

December 31, 2008 and 2007

	2008	2007
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 68,983,583	\$ 53,257,153
Buildings	64,750,410	64,748,779
Improvements other than buildings	25,025,273	21,743,575
Machinery and equipment	14,925,287	12,573,594
Artwork	309,981	298,307
Infrastructure	190,114,625	173,985,845
Construction in progress	20,702,608	19,826,014
<b>Total governmental funds capital assets</b>	<b>\$ 384,811,767</b>	<b>\$ 346,433,267</b>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General fund	\$ 249,703,711	\$ 242,534,587
Special revenue funds	9,180,396	7,618,682
Impact fees	13,640,303	8,994,927
Federal grants	1,698,545	667,012
General obligation bonds	87,678,316	68,133,856
Private gifts	22,910,496	18,484,203
<b>Total governmental funds capital assets</b>	<b>\$ 384,811,767</b>	<b>\$ 346,433,267</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity**

December 31, 2008

Page 1 of 2

FUNCTION AND ACTIVITY	Improvements			
	Land	Buildings	Other than Buildings	Machinery and Equipment
General government				
Finance/Information Services	\$ -	\$ -	\$ -	\$ 3,374,620
Planning	-	-	-	725,543
General government	9,061,967	36,574,185	5,829,103	460,845
Public works/general	2,039,911	2,545,233	267,533	205,766
<b>Total general government</b>	<u>11,101,878</u>	<u>39,119,418</u>	<u>6,096,636</u>	<u>4,766,774</u>
Security				
Police	-	4,914,770	92,458	1,582,579
Fire	2,226,995	11,360,558	190,282	8,049,249
<b>Total security</b>	<u>2,226,995</u>	<u>16,275,328</u>	<u>282,740</u>	<u>9,631,828</u>
<b>Transportation</b>	<u>40,200,584</u>	<u>-</u>	<u>-</u>	<u>51,975</u>
Culture and recreation				
Parks and recreation	15,347,312	7,533,139	18,445,897	441,050
Senior center	106,814	1,822,525	200,000	33,660
<b>Total culture and recreation</b>	<u>15,454,126</u>	<u>9,355,664</u>	<u>18,645,897</u>	<u>474,710</u>
<b>Total governmental funds capital assets</b>	<u>\$ 68,983,583</u>	<u>\$ 64,750,410</u>	<u>\$ 25,025,273</u>	<u>\$ 14,925,287</u>

**CITY OF REDMOND**

Capital Assets Used in the Operation of Governmental Funds, Schedule by Function and Activity –  
Page 2 of 2

FUNCTION AND ACTIVITY	Artwork	Infrastructure	Construction in Progress	Total
General government				
Finance/Information Services	\$ -	\$ -	\$ -	\$ 3,374,620
Planning	-	-	-	725,543
General government	-	-	660,834	52,586,934
Public works/general	-	-	-	5,058,443
<b>Total general government</b>	<u>-</u>	<u>-</u>	<u>660,834</u>	<u>61,745,540</u>
Security				
Police	-	-	2,576,391	9,166,198
Fire	-	-	162,643	21,989,727
<b>Total security</b>	<u>-</u>	<u>-</u>	<u>2,739,034</u>	<u>31,155,925</u>
<b>Transportation</b>	<u>-</u>	<u>182,435,511</u>	<u>15,688,062</u>	<u>238,376,132</u>
Culture and recreation				
Parks and recreation	309,981	7,679,114	1,614,678	51,371,171
Senior center	-	-	-	2,162,999
<b>Total culture and recreation</b>	<u>309,981</u>	<u>7,679,114</u>	<u>1,614,678</u>	<u>53,534,170</u>
<b>Total governmental funds capital assets</b>	<u>\$ 309,981</u>	<u>\$ 190,114,625</u>	<u>\$ 20,702,608</u>	<u>\$ 384,811,767</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity**

For the year ended December 31, 2008

	Governmental Funds Capital Assets 1-1-08	Additions	Deductions	Governmental Funds Capital Assets 12-31-08
FUNCTION AND ACTIVITY				
General government				
Finance/Information Services	\$ 3,429,564	\$ -	\$ 54,944	\$ 3,374,620
Planning	532,448	218,162	25,067	725,543
General government	51,614,220	972,714	-	52,586,934
Public works/general	5,058,443	-	-	5,058,443
<b>Total general government</b>	<u>60,634,675</u>	<u>1,190,876</u>	<u>80,011</u>	<u>61,745,540</u>
Security				
Police	7,968,381	1,197,817	-	9,166,198
Fire	20,304,604	1,741,109	55,986	21,989,727
<b>Total security</b>	<u>28,272,985</u>	<u>2,938,926</u>	<u>55,986</u>	<u>31,155,925</u>
<b>Transportation</b>	<u>208,161,682</u>	<u>57,643,326</u>	<u>27,428,876</u>	<u>238,376,132</u>
Culture and recreation				
Parks and recreation	47,200,926	7,453,612	3,283,367	51,371,171
Senior center	2,162,999	-	-	2,162,999
<b>Total culture and recreation</b>	<u>49,363,925</u>	<u>7,453,612</u>	<u>3,283,367</u>	<u>53,534,170</u>
<b>Total governmental funds capital assets</b>	<u>\$ 346,433,267</u>	<u>\$ 69,226,740</u>	<u>\$ 30,848,240</u>	<u>\$ 384,811,767</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

## Statistical Section

This part of the City of Redmond's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>126</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's tax revenue sources.	<b>132</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>137</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>142</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>144</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**CITY OF REDMOND**

**Schedule 1:**

Net Assets by Component  
 Last Seven Fiscal Years\*  
 Accrual Basis of Accounting

	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Governmental activities							
Invested in capital assets, net of related debt	\$ 147,897,892	\$ 166,566,041	\$ 183,981,404	\$ 197,287,805	\$ 209,980,911	\$ 231,770,778	\$ 238,894,739
Restricted	16,654,850	15,844,081	18,382,672	17,545,163	23,427,801	24,319,637	24,203,396
Unrestricted	53,633,242	51,403,073	50,835,246	52,173,744	55,978,363	67,326,450	77,758,280
Total governmental activities net assets	<u>\$ 218,185,984</u>	<u>\$ 233,813,195</u>	<u>\$ 253,199,322</u>	<u>\$ 267,006,712</u>	<u>\$ 289,387,075</u>	<u>\$ 323,416,865</u>	<u>\$ 340,856,415</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 135,246,021	\$ 149,666,161	\$ 158,987,641	\$ 171,591,663	\$ 193,431,773	\$ 212,565,177	\$ 228,193,250
Restricted	1,004,650	-	-	-	-	-	7,685,733
Unrestricted	28,311,872	30,449,899	30,783,108	28,481,708	22,841,047	35,987,708	37,125,665
Total business-type activities net assets	<u>\$ 164,562,543</u>	<u>\$ 180,116,060</u>	<u>\$ 189,770,749</u>	<u>\$ 200,073,371</u>	<u>\$ 216,272,820</u>	<u>\$ 248,552,885</u>	<u>\$ 273,004,648</u>
Primary government							
Invested in capital assets, net of related debt	\$ 283,143,913	\$ 316,232,202	\$ 342,969,045	\$ 370,299,902	\$ 403,412,684	\$ 444,335,955	\$ 467,087,989
Restricted	17,659,500	15,844,081	18,382,672	17,545,163	23,427,801	24,319,637	31,889,129
Unrestricted	81,945,114	81,852,972	81,618,354	79,235,018	78,819,410	103,314,158	114,883,945
Total primary government net assets	<u>\$ 382,748,527</u>	<u>\$ 413,929,255</u>	<u>\$ 442,970,071</u>	<u>\$ 467,080,083</u>	<u>\$ 505,659,895</u>	<u>\$ 571,969,750</u>	<u>\$ 613,861,063</u>

\*Only seven years of data available due to implementation of GASB 34 in 2002.

**Schedule 2:**

Changes in Net Assets

Last Seven Fiscal Years\*

Accrual Basis of Accounting

Page 1 of 2

	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses</b>							
Governmental activities:							
General government	\$ 10,412,581	\$ 10,554,145	\$ 10,598,890	\$ 14,497,527	\$ 14,024,271	\$ 13,390,052	\$ 14,823,292
Security	23,486,809	26,710,617	30,031,794	31,089,219	34,353,317	41,104,780	40,940,081
Physical Environment	3,875,341	4,074,430	3,079,888	3,054,857	3,394,541	3,360,185	3,961,940
Economic environment	3,017,641	3,602,868	3,390,746	3,160,282	3,458,336	3,487,715	3,689,390
Transportation	8,077,049	8,633,148	7,983,324	9,150,474	9,533,011	10,616,039	16,501,409
Mental/physical health	85,237	87,644	94,900	94,300	98,479	97,622	97,369
Culture and Recreation	6,304,067	7,779,409	7,489,357	8,121,462	8,907,741	9,550,896	11,104,119
Interest on long-term debt	910,211	747,107	458,637	461,621	2,012,235	1,989,894	2,045,034
Total governmental activities expenses	<u>56,168,936</u>	<u>62,189,368</u>	<u>63,127,536</u>	<u>69,629,742</u>	<u>75,781,931</u>	<u>83,597,183</u>	<u>93,162,634</u>
Business-type activities:							
Water/wastewater	17,286,285	18,323,044	18,339,907	20,617,211	20,915,291	22,527,962	26,466,876
UPD Water/wastewater	1,621,951	2,121,347	3,373,102	4,003,077	3,610,047	5,465,642	5,908,065
Stormwater	3,937,122	4,799,055	5,292,942	5,332,367	5,948,661	6,187,722	6,580,187
Total business-type activities net assets	<u>22,845,358</u>	<u>25,243,446</u>	<u>27,005,951</u>	<u>29,952,655</u>	<u>30,473,999</u>	<u>34,181,326</u>	<u>38,955,128</u>
Total primary government expenses	<u>\$ 79,014,294</u>	<u>\$ 87,432,814</u>	<u>\$ 90,133,487</u>	<u>\$ 99,582,397</u>	<u>\$ 106,255,930</u>	<u>\$ 117,778,509</u>	<u>\$ 132,117,762</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	\$ 2,207,343	\$ 2,366,495	\$ 2,406,484	\$ 2,249,228	\$ 2,746,086	\$ 3,040,040	\$ 3,065,640
Security	5,534,968	8,236,684	9,001,242	9,140,344	10,687,118	13,222,660	13,880,779
Physical Environment	358,972	397,113	248,208	364,869	375,702	371,568	379,441
Economic environment	4,909,955	7,794,584	9,165,827	7,566,819	10,573,143	12,874,314	14,255,712
Transportation	327,933	140,587	23,165	23,861	651,838	1,397,973	432,612
Culture and Recreation	1,016,066	1,116,151	1,251,667	1,532,002	1,700,507	1,774,273	1,793,238
Operating grants and contributions	1,969,740	2,588,695	3,355,634	5,157,603	6,967,499	5,902,573	7,382,570
Capital grants and contributions	9,615,994	5,380,558	6,067,335	2,778,360	5,312,005	5,226,690	5,239,831
Total governmental activities program revenues	<u>\$ 25,940,971</u>	<u>\$ 28,020,867</u>	<u>\$ 31,519,562</u>	<u>\$ 28,813,086</u>	<u>\$ 39,013,898</u>	<u>\$ 43,810,091</u>	<u>\$ 46,429,823</u>

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Business-type activities:							
Charges for services:							
Water/wastewater	\$ 17,182,142	\$ 18,439,763	\$ 19,683,422	\$ 20,658,105	\$ 21,085,081	\$ 26,127,411	\$ 24,959,583
UPD Water/wastewater	1,599,788	2,110,823	3,440,406	3,803,868	3,363,008	5,525,293	5,097,994
Stormwater	6,862,746	6,939,526	7,216,120	7,164,397	7,465,968	11,315,136	10,714,798
Operating grants and contributions	-	1,285	29,064	-	-	523,202	19,036
Capital grants and contributions	19,078,302	12,651,443	7,114,457	7,808,693	13,341,158	21,160,052	20,734,900
Total business-type activities	44,722,978	40,142,840	37,483,469	39,435,063	45,255,215	64,651,094	61,526,311
Total primary government program revenues	\$ 70,663,949	\$ 68,163,707	\$ 69,003,031	\$ 68,248,149	\$ 84,269,113	\$ 108,461,185	\$ 107,956,134
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (30,227,965)	\$ (34,168,501)	\$ (31,607,974)	\$ (41,147,156)	\$ (36,768,033)	\$ (39,787,092)	\$ (46,732,811)
Business-type activities	21,877,620	14,899,394	10,477,518	9,812,908	14,781,216	30,469,768	22,571,183
Total primary government net expense	(8,350,345)	(19,269,107)	(21,130,456)	(31,334,248)	(21,986,817)	(9,317,324)	(24,161,628)
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental Activities:							
Taxes							
Property taxes	12,973,803	13,298,157	13,813,469	14,691,641	12,620,764	13,039,046	18,589,196
Sales taxes	15,904,505	17,575,204	18,955,381	18,647,890	20,070,662	24,420,352	20,675,360
Other	15,117,493	16,163,612	16,510,154	18,705,429	22,174,191	27,404,221	19,578,116
Unrestricted investment interest	3,051,634	1,681,065	1,118,756	1,927,511	3,664,879	5,134,692	4,087,319
Miscellaneous	285,109	894,151	523,708	605,175	582,260	4,202,712	1,121,435
Gain (Loss) on sale of capital assets	-	22,231	49,078	17,906	6,503	(384,141)	120,935
Transfers	15,717	161,292	23,555	28,494	29,137	-	-
Total governmental activities	47,348,261	49,795,712	50,994,101	54,624,046	59,148,396	73,816,882	64,172,361
Business-type activities:							
Unrestricted investment interest	1,134,803	767,170	516,727	785,340	1,298,037	1,667,790	1,740,473
Miscellaneous	53,798	48,245	46,845	63,368	149,333	142,507	140,107
Special items	(637,356)	-	-	-	-	-	-
Transfers	(15,717)	(161,292)	(23,555)	(28,494)	(29,137)	-	-
Total business-type activities	535,528	654,123	540,017	820,214	1,418,233	1,810,297	1,880,580
Total primary government	\$ 47,883,789	\$ 50,449,835	\$ 51,534,118	\$ 55,444,260	\$ 60,566,629	\$ 75,627,179	\$ 66,052,941
<b>Change in Net Assets</b>							
Governmental activities	\$ 17,120,296	\$ 15,627,211	\$ 19,386,127	\$ 13,476,890	\$ 22,380,363	\$ 34,029,790	\$ 17,439,550
Business-type activities	22,413,148	15,553,517	11,017,535	10,633,122	16,199,449	32,280,065	24,451,763
Total primary government	\$ 39,533,444	\$ 31,180,728	\$ 30,403,662	\$ 24,110,012	\$ 38,579,812	\$ 66,309,855	\$ 41,891,313

\*Only seven years of data available due to implementation of GASB 34 in 2002.

**CITY OF REDMOND**

**Schedule 3:**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund	<i>(General fund reserved/unreserved breakdown</i>									
Reserved	<i>unavailable before implementation</i>									
Unreserved	<i>of GASB 34 standard in 2002)</i>									
Total	<u>\$10,809,178</u>	<u>\$12,448,838</u>	<u>\$ 5,978,351</u>	<u>\$ 5,037,773</u>	<u>\$ 5,308,926</u>	<u>\$ 5,030,954</u>	<u>\$ 6,205,024</u>	<u>\$ 9,058,520</u>	<u>\$14,684,782</u>	<u>\$16,177,183</u>
All Other Governmental Funds										
Reserved	\$ 2,693,953	\$ 3,553,071	\$ 3,078,038	\$ 1,923,869	\$ 1,593,045	\$ 1,674,975	\$ 1,536,679	\$ 1,550,360	\$ 1,607,976	\$ 1,525,809
Unreserved, reported in:										
Special revenue funds	12,133,548	13,234,408	16,570,706	20,301,677	21,500,130	21,669,832	21,413,195	24,248,424	32,280,351	38,603,392
Capital projects funds	25,877,123	33,627,604	40,560,272	39,797,635	35,773,405	36,782,719	34,293,270	39,687,938	37,124,886	47,383,944
Total all other governmental funds:	<u>\$40,704,624</u>	<u>\$50,415,083</u>	<u>\$60,209,016</u>	<u>\$62,023,181</u>	<u>\$58,866,580</u>	<u>\$60,127,526</u>	<u>\$57,243,144</u>	<u>\$65,486,722</u>	<u>\$71,013,213</u>	<u>\$87,513,145</u>

The substantial decrease in the fund balance of the General Fund in 2001 resulted from a one time transfer to the Capital Projects Funds of approx.\$10 million.

**CITY OF REDMOND**

**Schedule 4:**

Changes in Fund Balances, Governmental Funds

Last Seven Fiscal Years\*

Modified Accrual Basis of Accounting

Page 1 of 2

	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>							
Taxes	\$ 43,586,789	\$ 46,582,479	\$ 48,762,081	\$ 51,517,403	\$ 54,352,577	\$ 64,271,368	\$ 58,256,631
Special assessments	981,313	541,955	487,101	296,954	273,089	244,988	286,814
Licenses and permits	3,658,914	4,426,653	3,823,362	5,879,227	7,639,203	9,920,521	8,297,122
Contributions from property owners	3,847,039	2,178,185	3,706,574	837,225	4,034,964	3,676,745	2,629,015
Intergovernmental	8,003,380	12,378,135	13,684,372	12,917,968	15,057,152	17,458,632	18,076,788
Charges for services	5,355,008	7,372,769	9,361,325	6,258,968	8,006,840	9,258,279	12,325,402
Fines and forfeitures	325,911	221,737	180,835	96,624	52,362	826,302	864,108
Investment interest	3,677,809	1,856,846	943,455	1,582,125	3,145,692	4,405,719	3,751,697
Miscellaneous	286,771	878,310	524,376	604,005	581,268	1,010,889	1,010,818
Total revenues	<u>69,722,934</u>	<u>76,437,069</u>	<u>81,473,481</u>	<u>79,990,499</u>	<u>93,143,147</u>	<u>111,073,443</u>	<u>105,498,395</u>
<b>Expenditures</b>							
General government	9,709,647	10,052,274	10,239,257	12,616,246	12,962,815	12,383,931	13,785,128
Security (persons/property)	22,707,295	25,840,173	29,452,382	30,008,016	33,247,541	40,155,414	39,775,034
Physical environment	3,895,674	3,838,344	3,439,807	2,995,092	3,415,985	3,382,456	3,816,471
Transportation	4,245,215	5,857,208	4,808,040	5,237,363	4,414,729	6,711,466	6,685,207
Economic environment	3,113,928	3,590,587	3,428,652	3,296,642	3,523,548	3,382,348	3,906,634
Mental/physical health	85,237	87,645	94,899	94,300	98,479	97,622	97,369
Culture and Recreation	6,704,500	7,270,237	7,132,367	7,225,343	8,071,693	8,690,329	9,901,036
Capital outlay	13,573,360	22,057,402	56,227,866	15,254,672	12,302,614	23,865,063	39,832,203
Debt service:							
Principal	3,961,717	3,750,184	4,229,350	4,468,438	1,940,508	2,539,935	2,448,101
Interest and debt issue costs	927,780	766,581	749,388	606,701	2,109,866	2,040,851	2,564,831
Total expenditures	<u>68,924,353</u>	<u>83,110,635</u>	<u>119,802,008</u>	<u>81,802,813</u>	<u>82,087,778</u>	<u>103,249,415</u>	<u>122,812,014</u>
Excess of revenues over (under) expenditures	\$ 798,581	\$ (6,673,566)	\$ (38,328,527)	\$ (1,812,314)	\$ 11,055,369	\$ 7,824,028	\$ (17,313,619)

**CITY OF REDMOND**

Changes in Fund Balances, Governmental Funds, Page 2 of 2

	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Other Finance Sources (Uses)</b>							
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,616
Proceeds from borrowing	-	3,698,472	39,230,000	-	-	-	36,559,915
Disposition of capital assets	7,000	25,375	6,500	3,750	3,550	3,195,950	-
Transfers in	16,197,856	18,324,661	15,783,560	16,682,011	17,335,043	23,293,470	12,929,072
Transfers out	(16,129,850)	(18,260,390)	(15,708,559)	(16,583,759)	(17,296,888)	(23,160,695)	(12,965,484)
Bond Proceeds to Refunding Trustee	-	-	-	-	-	-	(1,328,167)
Total other financing sources (uses)	<u>75,006</u>	<u>3,788,118</u>	<u>39,311,501</u>	<u>102,002</u>	<u>41,705</u>	<u>3,328,725</u>	<u>35,305,952</u>
Net change in fund balances	<u>\$ 873,587</u>	<u>\$ (2,885,448)</u>	<u>\$ 982,974</u>	<u>\$ (1,710,312)</u>	<u>\$ 11,097,074</u>	<u>\$ 11,152,753</u>	<u>\$ 17,992,333</u>
 Debt service as a percentage of noncapital expenditures	 8.82%	 7.39%	 7.83%	 7.46%	 5.63%	 5.77%	 6.04%

\*Only seven years of data available due to implementation of GASB 34 in 2002.

**CITY OF REDMOND**

**Schedule 5:**

Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Valuation</b>	<b>Total Direct Tax Rate*</b>
1999	\$ 4,897,827,903	\$ 801,888,874	\$ 5,699,716,777	\$ 2.13
2000	\$ 5,366,326,049	\$ 865,539,761	\$ 6,231,865,810	\$ 1.96
2001	\$ 6,115,398,537	\$ 1,061,261,507	\$ 7,176,660,044	\$ 1.76
2002	\$ 6,941,422,915	\$ 1,288,207,660	\$ 8,229,630,575	\$ 1.60
2003	\$ 7,409,495,346	\$ 1,181,627,039	\$ 8,591,122,385	\$ 1.57
2004	\$ 7,762,955,643	\$ 1,038,619,530	\$ 8,801,575,173	\$ 1.59
2005	\$ 8,114,876,599	\$ 1,205,491,934	\$ 9,320,368,533	\$ 1.58
2006	\$ 8,759,508,942	\$ 1,551,414,614	\$ 10,310,923,556	\$ 1.23
2007	\$ 9,821,026,886	\$ 1,359,505,337	\$ 11,180,532,223	\$ 1.18
2008	\$ 12,739,900,548	\$ 1,332,371,332	\$ 14,072,271,880	\$ 1.47

Source: King County Accounting Division; City of Redmond Accounting Division  
Real and personal property has been assessed at 100% of the estimated value.

\*Tax rates are per \$1,000 of assessed value.

**CITY OF REDMOND**

**Schedule 6:**

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

	City Direct Rates			Overlapping Rates										Total Direct and Overlapping Rate
	General Fund	General Obligation Debt Service	Total Direct Rate*	WA State	King County	Port Of Seattle	School District #414	Hospital District #2	King Co. Library	Emer. Medical Service	Redmond Capital Facilities Area**	King Co. Ferry*** District	King Co. Flood*** District	
1999	\$ 1.65	\$ 0.48	\$ 2.13	\$ 3.36	\$ 1.77	\$ 0.24	\$ 4.06	\$ 0.41	\$ 0.59	\$ 0.29	\$ -	\$ -	\$ -	\$ 12.85
2000	1.59	0.37	1.96	3.30	1.69	0.22	4.02	0.41	0.60	0.27	-	-	-	12.47
2001	1.45	0.31	1.76	3.15	1.55	0.19	3.53	0.39	0.56	0.25	-	-	-	11.38
2002	1.31	0.29	1.60	2.99	1.45	0.19	3.18	0.36	0.53	0.25	-	-	-	10.55
2003	1.29	0.28	1.57	2.90	1.35	0.26	3.07	0.34	0.55	0.24	-	-	-	10.28
2004	1.33	0.26	1.59	2.76	1.43	0.25	2.96	0.34	0.60	0.24	-	-	-	10.17
2005	1.32	0.26	1.58	2.69	1.38	0.25	2.83	0.59	0.53	0.23	-	-	-	10.08
2006	1.20	0.03	1.23	2.50	1.33	0.23	2.65	0.54	0.53	0.22	-	-	-	9.23
2007	1.15	0.03	1.18	2.33	1.29	0.23	2.57	0.50	0.50	0.21	0.05	-	-	8.86
2008	1.45	0.02	1.47	2.13	1.21	0.22	2.33	0.45	0.45	0.30	0.05	0.06	0.10	8.77

Source: King County Assessor's Office

\* Tax rates are per \$1,000 of assessed value.

Initiative 747 passed in November 2001, and subsequent actions by the Washington State Legislature in 2007 limited the annual optional increase in property tax levies to the lesser of one percent or the implicit price deflator.

\*\* New taxing district as of 2007.

\*\*\* New taxing districts as of 2008.

**CITY OF REDMOND**

**Schedule 7:**

Principal Property Taxpayers  
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value*</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value**</u>
Microsoft (includes MSNBC)	\$ 2,213,412,006	1	15.73%	\$ 733,800,809	1	12.87%
PPR Redmond Retail LLC (Redmond Town Center)	189,283,260	2	1.35%	137,446,293	2	2.41%
Puget Sound Energy	129,036,373	3	0.92%	77,695,834	3	1.36%
ASN - Washington Holdings	105,560,000	4	0.75%	-		-
BRE Properties	92,118,000	5	0.65%	30,691,800	8	0.54%
Tishman Speyer Archstone (formerly Archstone-Smith)	91,699,000	6	0.65%	-		-
Nintendo	80,661,176	8	0.57%	39,193,427	6	0.69%
PS Business Parks LP (formerly Yett Family Partnership)	62,226,400	7	0.44%	30,039,600	9	0.53%
Verizon Northwest Inc.	28,318,640	9	0.20%	-		-
Hines Reit Laguna Campus LL (formerly Allied Signal)	26,214,800	10	0.19%	-		-
General Telephone	-		-	55,843,696	4	0.98%
Eddie Bauer	-		-	42,400,931	5	0.74%
Spacelabs Medical, Inc.	-		-	31,811,789	7	0.56%
Primex Aerospace	-		-	28,829,858	10	0.51%
<b>TOTAL</b>	<b>\$ <u><u>3,018,529,655</u></u></b>		<b><u><u>21.45%</u></u></b>	<b>\$ <u><u>1,207,754,037</u></u></b>		<b><u><u>21.19%</u></u></b>

Source: King County Assessor

\* In 2008 the estimated value of real and personal property in the City of Redmond was \$14,072,271,880.

\*\* In 1999 the estimated value of real and personal property in the City of Redmond was \$5,699,716,777.

**CITY OF REDMOND**

**Schedule 8:**

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year*</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	\$ 12,096,945	\$ 11,929,378	98.61%	\$ 126,781	\$ 12,056,159	99.66%
2000	12,232,460	12,095,161	98.88%	187,817	12,282,978	100.41%
2001	12,582,147	12,463,331	99.06%	96,392	12,559,723	99.82%
2002	13,024,297	12,851,125	98.67%	119,886	12,971,011	99.59%
2003	13,424,237	13,203,511	98.36%	103,163	13,306,674	99.12%
2004	13,734,935	13,624,998	99.20%	222,707	13,847,705	100.82%
2005	14,682,653	14,565,908	99.20%	135,829	14,701,737	100.13%
2006	12,691,175	12,491,154	98.42%	143,531	12,634,685	99.55%
2007	12,957,835	12,856,101	99.21%	211,699	13,067,800	100.85%
2008	18,692,476	18,510,492	99.03%	98,185	18,608,677	99.55%

Source: King County Assessor and Redmond accounting division

\*Includes levy adjustments

**CITY OF REDMOND**

**Schedule 9:**

Summary of Sales Tax Revenues  
Last Seven Fiscal Years\*

	<b>Fiscal Year</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Retail Trade Sales Tax</b>							
Electronics and Appliances	\$ 330,752	\$ 305,285	\$ 690,202	\$ 658,225	\$ 671,664	\$ 638,768	\$ 531,796
Furniture	533,665	410,689	313,708	259,799	336,218	262,470	436,382
General Merchandise	350,324	337,771	650,100	623,497	1,537,810	1,515,512	911,412
Miscellaneous Retail Trade	468,573	476,925	405,616	406,411	137,621	146,303	470,973
Other	2,977,413	3,671,622	3,773,098	4,013,911	3,838,023	4,356,254	4,196,636
<b>Total - Retail Trade</b>	<b>4,660,728</b>	<b>5,202,291</b>	<b>5,832,724</b>	<b>5,961,843</b>	<b>6,521,336</b>	<b>6,919,307</b>	<b>6,547,199</b>
<b>Other Sectors Sales Tax</b>							
Accommodation and Food Services	1,304,170	1,367,188	1,436,081	1,553,008	1,653,784	1,739,732	1,777,479
Construction	2,226,883	2,172,882	2,467,526	2,768,950	3,151,657	3,125,692	3,783,006
Information	1,195,058	2,786,641	1,939,671	1,986,737	1,536,738	4,814,199	1,051,283
Miscellaneous	1,732,511	1,617,544	1,654,226	1,646,143	1,896,963	2,229,314	1,867,005
Service	1,273,046	1,127,475	1,148,434	1,184,711	1,770,263	1,490,641	1,827,122
Wholesale	2,222,360	2,233,746	2,057,502	2,251,409	2,132,688	2,526,034	2,127,576
<b>Total - Other Sectors Sales Tax</b>	<b>9,954,029</b>	<b>11,305,477</b>	<b>10,703,439</b>	<b>11,390,957</b>	<b>12,142,092</b>	<b>15,925,612</b>	<b>12,433,471</b>
Adjustments	260,046	-	1,298,906	-	-	-	118,361 *
<b>Total - Retail Trade and Other Sectors</b>	<b>14,874,804</b>	<b>16,507,768</b>	<b>17,835,068</b>	<b>17,352,800</b>	<b>18,663,428</b>	<b>22,844,919</b>	<b>19,099,031</b>
Sales Taxes - Miscellaneous	1,029,701	1,067,436	1,120,313	1,295,090	1,407,234	1,575,433	1,576,329 **
<b>Total Sales Tax</b>	<b>\$ 15,904,505</b>	<b>\$ 17,575,204</b>	<b>\$ 18,955,381</b>	<b>\$ 18,647,890</b>	<b>\$ 20,070,662</b>	<b>\$ 24,420,352</b>	<b>\$ 20,675,360</b>

\* Includes One-Time Adjustments in 2002, 2004 and 2008, also includes an SST Mitigation payment of \$85,660 in 2008.

\*\* Sales Tax - Miscellaneous includes Sales Tax-Criminal Justice, Washington State Use Tax and Hotel/Motel Tax. Due to a computer system conversion, details for this data is not available before 2002.

**CITY OF REDMOND**

**Schedule 10:**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Per Capita Personal Income*	Debt Per Capita**
	General Obligation Bonds	Special Assessment Bonds	Public Works Trust Fund Loans	Capital Leases	Private Contract	Revenue Bonds	Loans			
1999	\$ 17,275,000	\$ 5,701,446	\$ 4,716,036	\$ 300,696	\$ -	\$ 4,005,000	\$ 1,039,711	\$ 33,037,889	1.79%	\$ 758
2000	15,315,000	4,975,410	4,352,079	138,960	-	3,640,000	931,086	29,352,535	1.50%	667
2001	11,875,000	3,835,000	4,097,361	-	-	3,255,000	822,461	23,884,822	1.20%	525
2002	9,635,000	2,485,000	3,725,644	-	1,016,417	2,855,000	713,837	20,430,898	1.00%	444
2003	10,933,472	1,745,000	3,353,927	-	777,950	-	605,211	17,415,560	0.84%	375
2004	46,927,432	1,410,000	2,982,210	-	529,348	-	496,587	52,345,577	2.26%	1,116
2005	43,454,879	1,045,000	2,610,492	-	270,181	-	387,962	47,768,514	2.06%	1,004
2006	42,504,603	780,000	2,238,775	-	-	-	609,477	46,132,855	1.76%	925
2007	40,531,384	585,000	1,867,058	-	-	-	465,385	43,448,827	1.49%	857
2008	72,455,000	530,000	1,495,340	-	-	11,755,000	85,356	86,320,696	2.91%	1,682

\* 2007 per capita income of \$57,710 from US Bureau of Economic Analysis (B.E.A.); data not yet available for 2008.

Prior data is updated as it becomes available from B.E.A., thus may differ from prior years' report.

\*\* 2008 population total of 51,320 from State of Washington Office of Financial Management.

**CITY OF REDMOND**

**Schedule 11:**

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property*</u>	<u>Per Capita</u>
1999	\$ 17,275,000	0.30%	\$ 396
2000	15,315,000	0.25%	348
2001	11,875,000	0.17%	261
2002	9,635,000	0.12%	209
2003	10,933,472	0.13%	235
2004	46,927,432	0.54%	1,001
2005	43,454,879	0.47%	913
2006	42,504,603	0.42%	852
2007	40,531,384	0.36%	800
2008	72,455,000	0.51%	1,412

Source: King County Assessor

\* In 2008 the estimated value of real and personal property in the City of Redmond was \$14,072,271,880.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF REDMOND**

**Schedule 12:**

Direct and Overlapping Governmental Activities Debt

As of December 31, 2008

	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable*</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Overlapping Debt:</b>			
King County	\$ 1,040,881,000	3.75%	\$ 39,033,038
Port of Seattle	378,065,000	3.75%	14,177,438
School District #405	322,853,865	6.08%	19,629,515
School District #414	344,994,733	28.81%	99,392,983
Hospital District #2	242,387,923	21.07%	51,071,135
Fire District #34	-	21.82%	-
King County Library	66,359,355	0.91%	603,870
	<hr/>		<hr/>
<b>Total Overlapping Debt</b>	2,395,541,876		223,907,979
<b>Direct Debt: City of Redmond</b>	73,950,340	100.00%	73,950,340
	<hr/>		<hr/>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 2,469,492,216</u>		<u>\$ 297,858,319</u>

Sources: King County Finance Office; King County Assessor

\* Applicable percentage is determined by the ratio of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Redmond.

**CITY OF REDMOND**

**Schedule 13:**

Legal Debt Margin Information

Last Ten Fiscal Years

(In Thousands)

	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Debt limit	\$ 427,479	\$ 467,390	\$ 538,250	\$ 617,222	\$ 644,334	\$ 660,118	\$ 699,028	\$ 773,319	\$ 838,540	\$ 955,493
Total net debt applicable to limit	<u>17,292</u>	<u>15,130</u>	<u>11,675</u>	<u>10,439</u>	<u>11,498</u>	<u>47,218</u>	<u>43,496</u>	<u>42,259</u>	<u>40,287</u>	<u>72,182</u>
Legal debt margin	<u>\$ 410,187</u>	<u>\$ 452,260</u>	<u>\$ 526,574</u>	<u>\$ 606,784</u>	<u>\$ 632,836</u>	<u>\$ 612,900</u>	<u>\$ 655,531</u>	<u>\$ 731,060</u>	<u>\$ 798,252</u>	<u>\$ 883,310</u>
Total net debt applicable to limit as a percentage of debt limit	4.05%	3.24%	2.17%	1.69%	1.78%	7.16%	6.23%	5.46%	4.80%	7.55%

Note: Under state law voters may approve general obligation debt issues of up to 7.5% of assessed valuation. This 7.5% debt capacity is allocated evenly among general government, parks/open space, and utilities resulting in a 2.5% limit for each. Within the 2.5% limit, the City Council has authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

**Computation of Legal Debt Margin**

As of December 31, 2008

	<b>General Capacity</b>		<b>Special Purpose Capacity</b>		<b>Total Capacity</b>
	<b>Councilmanic</b>	<b>Excess Levy</b>	<b>Parks and Open Space</b>	<b>Utility Purposes</b>	
December 31, 2008 Assessed Value:					
\$12,739,900,548					
2.50% of Assessed Value	\$ -	\$ 318,498	\$ 318,498	\$ 318,498	\$ 955,493
1.50% of Assessed Value	<u>191,099</u>	<u>(191,099)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Statutory Debt Limit</b>	<u>191,099</u>	<u>127,399</u>	<u>318,498</u>	<u>318,498</u>	<u>955,493</u>
Debt Outstanding:					
Bonds	<u>71,140</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>72,455</u>
Total Debt Outstanding	<u>71,140</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>72,455</u>
Less amount available in Debt Service Fund	<u>-</u>	<u>274</u>	<u>-</u>	<u>-</u>	<u>274</u>
<b>Net Debt Outstanding</b>	<u>71,140</u>	<u>1,041</u>	<u>-</u>	<u>-</u>	<u>72,182</u>
<b>Remaining Debt Capacity</b>	<u>\$ 119,959</u>	<u>\$ 126,358</u>	<u>\$ 318,498</u>	<u>\$ 318,498</u>	<u>\$ 883,310</u>

\*Property assessed at 100% of the estimated value.

**CITY OF REDMOND**

**Schedule 14:**

Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Water/Wastewater Revenue Bonds						Special Assessment Bonds			
	Gross Revenue*	Less: Operating Expenses**	Net Available Revenue	Debt Service		Coverage***	Special Assessment Collections	Debt Service		Coverage
Principal	Interest	Principal	Interest	Principal	Interest					
1999	\$ 15,394,848	\$ 13,610,344	\$ 1,784,504	\$ 350,000	\$ 219,529	3.13	\$ 1,253,560	\$ 1,065,000	\$ 255,929	0.95
2000	16,432,448	14,194,689	2,237,759	365,000	204,479	3.93	1,756,271	726,036	304,622	1.70
2001	17,352,101	14,067,650	3,284,451	385,000	188,510	5.73	1,127,685	1,140,410	275,113	0.80
2002	19,605,245	15,955,300	3,649,945	400,000	170,800	6.39	981,313	1,350,000	226,862	0.62
2003	Revenue bond coverage ratio is not applicable as bonds were called early and					N/A	541,955	740,000	147,442	0.61
2004	Revenue bond coverage ratio is not applicable as bonds were called early and					N/A	487,101	335,000	106,935	1.10
2005	Revenue bond coverage ratio is not applicable as bonds were called early and					N/A	296,953	365,000	82,519	0.66
2006	Revenue bond coverage ratio is not applicable as bonds were called early and					N/A	273,089	265,000	55,532	0.85
2007	Revenue bond coverage ratio is not applicable as bonds were called early and					N/A	244,988	195,000	39,378	1.05
2008	37,014,274	28,868,139	8,146,135	-	-	N/A	286,814	55,000	28,775	3.40

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. The stormwater utility and the water/wastewater utility are combined into the waterworks utility for purposes of the 2008 debt issuance.

\* Includes operating and investment income excluding unrealized gains or losses on investments.

\*\* Excludes depreciation and amortization, includes operating transfers out.

\*\*\* The 1993 Refunding Bond Issue required coverage of 1.25. The 2008 Revenue Bond Issue requires coverage of 1.20.

**CITY OF REDMOND**

**Schedule 15:**

Demographic and Economic Statistics

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Redmond Population*</b>	<b>Redmond Personal Income (in thousands)**</b>	<b>King County Per Capita Personal Income***</b>	<b>School Enrollment<sup>#</sup></b>	<b>Number of Housing Units</b>	<b>Unemployment Rate<sup>##</sup></b>
1999	43,610	\$ 1,841,127	\$ 42,218	9,937	19,183	2.1
2000	44,020	\$ 1,956,117	\$ 44,437	7,489	19,504	2.3
2001	45,490	\$ 1,994,327	\$ 43,841	7,385	20,368	3.5
2002	46,040	\$ 2,040,171	\$ 44,313	7,401	20,654	4.5
2003	46,480	\$ 2,067,523	\$ 44,482	7,594	21,974	6.0
2004	46,900	\$ 2,311,513	\$ 49,286	7,822	22,183	4.5
2005	47,600	\$ 2,322,356	\$ 48,789	7,900	22,204	4.0
2006	49,890	\$ 2,626,958	\$ 52,655	8,014	22,616	3.6
2007	50,680	\$ 2,924,743	\$ 57,710	8,126	22,869	3.0
2008	51,320	-	-	8,098	23,144	3.6

\* State of Washington, Office of Financial Management.

\*\* King County per capita personal income applied to Redmond population.

\*\*\* King County Per Capita Personal Income is provided by Bureau of Economic Analysis.

# Lake Washington School District total as of October, 2008; includes schools with Redmond addresses, although some are located in unincorporated King County. Statistics are not available to determine the number of students from the Redmond/King County populace. 2000 decrease reflects schools formerly in Redmond but now in newly incorporated City of Sammamish.

## State of Washington, Department of Employment Security (figures are prorated on Redmond's relationship to the County's unemployment rate).

**CITY OF REDMOND**

**Schedule 16:**

Principal Employers  
Current Year and Nine Years Ago

<b>Employer</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment**</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment***</b>
Microsoft Corporation (includes M S N B C)	34,406	1	43.36%	12,590	1	21.28%
Genie Industries	2,427	2	3.06%	1,598	3	2.70%
Volt Technical Resources, LLC (includes VMC Consulting)	1,832	3	2.31%	-	-	-
AT&T Mobility	1,392	4	1.75%	-	-	-
Lake Washington School District *	1,129	5	1.42%	-	-	-
Nintendo of America Inc. (includes Nintendo Software Technology)	1,034	6	1.30%	732	10	1.24%
Honeywell	731	7	0.92%	-	-	-
Eurest Dining Services @ Microsoft	722	8	0.91%	-	-	-
Physio-Control, Inc.	669	9	0.84%	-	-	-
United Parcel Service	648	10	0.82%	748	9	1.26%
Safeco Insurance Co.*	-	-	-	1,600	2	2.70%
Eddie Bauer, Inc.	-	-	-	1,174	5	1.98%
Spacelabs Medical, Inc.	-	-	-	846	7	1.43%
Allied Signal Avionics	-	-	-	1,043	6	1.76%
Primex Aerospace Co.	-	-	-	771	8	1.30%
Group Health *	-	-	-	1,256	4	2.12%
<b>TOTAL</b>	<b>44,990</b>		<b>56.70%</b>	<b>21,102</b>		<b>35.66%</b>

Source: City of Redmond Finance Dept., Business License Division

\* Employer exempt from business license requirement

\*\* Total city employment including exempt businesses listed is 79,349 for 2008.

\*\*\* Total city employment including exempt businesses listed was 59,174 for 1999.

**CITY OF REDMOND**

**Schedule 17:**

Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Executive	5.00	5.00	5.00	5.00	5.00	5.00	5.00	11.00	11.50	11.00
Finance and Information Services	49.22	49.22	55.22	55.22	58.60	58.60	58.60	58.60	62.60	63.60
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.63	9.63
Legal	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Planning and Community Development	52.57	52.57	60.57	60.57	58.24	58.24	56.24	50.24	50.81	58.31
Security										
Police	107.50	107.50	110.50	110.50	110.50	110.50	110.50	110.50	115.50	127.50
Fire	104.20	104.20	106.20	106.20	134.20	134.20	137.20	141.20	149.20	171.20
Culture and Recreation	48.23	48.73	50.24	50.24	51.12	51.12	50.82	50.82	54.12	62.22
Public Works	83.87	83.87	91.68	91.68	84.18	84.18	77.18	77.18	75.75	77.75
Water/Wastewater	36.41	36.41	36.88	36.88	37.13	37.13	38.78	38.78	39.60	39.60
UPD Water/Wastewater	6.50	6.50	6.84	6.84	6.84	6.84	5.94	5.94	5.94	5.94
Stormwater Management	19.68	19.68	28.49	28.49	26.49	26.49	29.46	29.46	29.77	29.77
Total	525.43	525.93	563.87	563.87	584.55	584.55	581.97	585.97	608.67	660.77

Source: City Budget Office

**CITY OF REDMOND**

**Schedule 18:**

Operating Indicators by Function/Program  
Last Ten Fiscal Years\*

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Calls dispatched	23,780	23,433	22,300	21,693	22,739	23,488	24,036	24,473	24,276	24,286
Parking violations	-	-	-	-	-	-	1,092	1,140	1,189	1,137
Traffic violations	-	-	-	-	-	-	7,183	8,120	7,381	9,381
Fire										
Calls for service (fire and aid)	6,179	6,364	6,273	6,625	7,999	9,736	9,733	10,905	9,896	10,508
Average response time (fire & aid) - minutes & seconds	-	-	-	-	7:06	6:54	7:11	7:27	7:14	6:30
Fire prevention maintenance inspections	-	-	-	-	-	-	803	1,421	1,394	1,500
Operations inspections	-	-	-	-	-	-	645	484	19 **	495
Culture and Recreation										
Preschool registrations	-	11,465	10,727	10,205	11,256	11,777	12,230	12,851	25,000 #	21,412
Youth registrations	-	16,154	16,600	15,388	17,307	18,684	19,132	20,292	24,377	26,415
Teen program registrations	-	7,135	16,314	13,171	21,642	21,264	27,753	25,843	28,047	25,097
Adult program registrations	-	14,749	17,183	18,947	37,656	37,843	47,044	54,585	61,450	59,959
Senior Center participants	-	44,397	48,741	65,288	75,386	74,816	75,612	84,752	45,028 ##	45,807
Utility Services###										
Residential units served	9,226	9,453	9,846	9,943	10,985	11,755	12,284	12,805	13,195	13,563
Commercial units served	1,267	1,306	1,319	1,333	1,380	1,389	1,416	1,440	1,451	1,474
Water										
Average daily demand (gallons)	6,130,000	6,090,742	5,700,000	5,916,880	7,009,225	7,026,998	6,489,890	6,981,844	6,520,473	6,506,569

\* Ten year trend information is not available for all categories due to initial implementation of GASB 44 on 12/31/05. Data available only for years listed.

\*\* Program was suspended January 2007 - March 2008

# New programs were added in 2007

## Method of calculation changed in 2007 to more accurately assess number of visitors

### Sewage treatment provided by King County Wastewater Treatment Division

**CITY OF REDMOND**

**Schedule 19:**

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years\*

Page 1 of 2

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	n/a	n/a	n/a	n/a	n/a	n/a	49	49	49	50
Fire										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of fire engines	n/a	n/a	8	8	8	9	9	9	11	11
Number of aid vehicles	n/a	n/a	7	7	**13	13	13	16	15	15
Transportation										
Center lane miles of paved roads	130	130	130	131	131	131	136	136	137	138
Traffic signals	65	69	78	80	83	87	89	89	90	91
Street lights	n/a	n/a	n/a	943	970	983	983	983	1,132	1,290
Bridges	7	7	8	8	8	8	9	9	9	9
Culture and Recreation										
Number of developed parks	21	21	22	25	28	29	30	30	30	30
Number of undeveloped parks	14	14	16	14	16	14	13	9	7	7
Acres of developed parks	1,025	1,025	1,046	1,087	1,129	1,131	1,168	1,200	1,200	1,172
Acres of undeveloped parks	334	340	319	216	189	173	148	105	105	105
Miles of developed trails	17	17	20	24	24	25	25	44	44	44

**CITY OF REDMOND**

Capital Asset Statistics by Function/Program, Page 2 of 2

	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Utility Services										
Water										
Storage Capacity										
(millions of gallons)	23.1	26.6	26.6	26.6	31.8	31.8	31.8	31.8	31.8	31.8
Number of wells	4	4	5	5	5	5	5	5	5	5
Miles of main	175	235	255	280	280	280	283	304	309	315
Sewer										
Number of manholes	5,000	5,400	5,464	5,609	6,743	6,791	6,791	5,918	6,733	6,937
Miles of main***	180	200	202	221	216	218	218	194	214	219
Number of pumplift stations***	16	16	16	16	15	15	15	21	23	23
Stormwater										
# of manholes/catch basins	7,004	7,800	7,862	7,913	8,552	15,158	15,158	9,621	9,951	10,327
Miles of pipe***	225	235	238	252	164	169	169	162	167	172
Oil water separators***	174	200	201	211	24	24	24	24	24	24

\* Ten year trend information is not available for all categories due to initial implementation of GASB 44 on 12/31/05.  
Data available only for years listed.

\*\* The City assumed Advanced Life Support services equipment from King County.

\*\*\* Decrease from 2002 due to different method of tracking these quantities.