



City of Redmond, Washington

# Comprehensive Annual **Financial Report**

For the fiscal year ended December 31, 2009

2009

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



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

PREPARED BY THE FINANCE DEPARTMENT

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DEPARTMENT ADMINISTRATIVE COORDINATOR

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Redmond  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

President

A handwritten signature in black ink that reads "Jeffrey R. Enow".

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

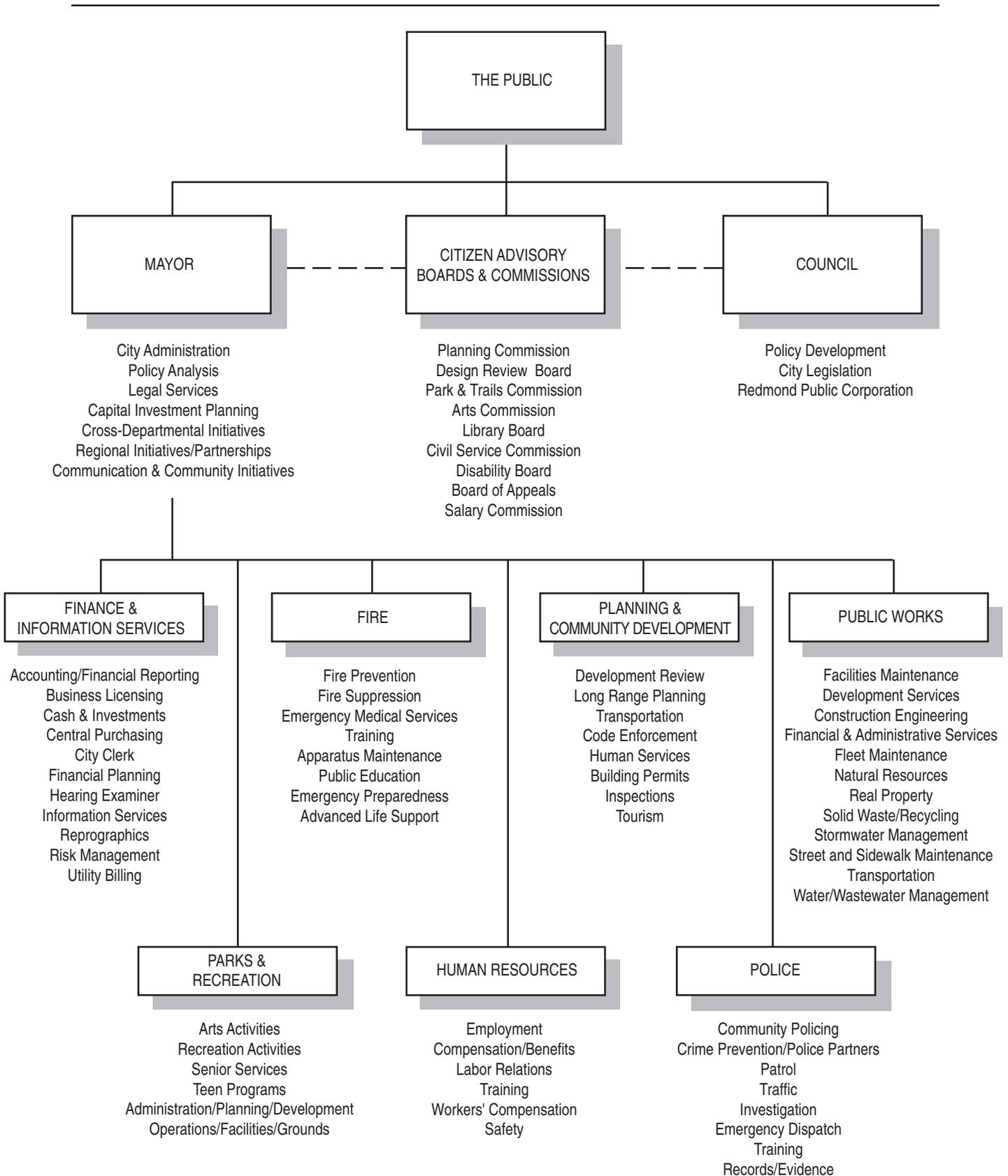
## EXECUTIVE STAFF AND LEGAL COUNSEL

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

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

# ORGANIZATIONAL STRUCTURE CITY OF REDMOND





June 15, 2010

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, 2009. 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, 2009 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 2009 population of 51,890.

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 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

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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% as recently as 2007, it is 9.1% 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 past few years adding several 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.

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 is being used once again as we prepare budgets for the next biennium.

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 2009 ranged from two wells for the city's water utility to completion of a major thoroughway. Significant work was done on the 36<sup>th</sup> Street bridge over SR 520 which was partially funded through the America Recovery and Reinvestment Act dollars as well as private contributions.

Two successful ongoing community events were featured in 2009, 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, 2008. This was the twenty-fourth 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.

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,



Michael E. Bailey, CPA  
Finance Director



**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

June 15, 2010

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, 2009, 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective 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 15, 2010, 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 59 and information on postemployment benefits other than pensions on page 60 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 61 through 121 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 and Statistical Sections is presented for purposes of additional analysis and is 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 a large initial "B" and "S".

**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, 2009, and for the City's financial position at December 31, 2009. 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 \$649,773,855 at the end of 2009. The City's net assets increased by \$35,912,792 or 5.85% in 2009. The overall increase was split between governmental activities and business-type activities at \$24,993,435 or 69.59% and \$10,919,357 or 30.41%, respectively. The increase is predominantly due to an increase in investment in capital assets of \$31,842,159. The detail breakout is discussed in greater detail in the capital asset section.
- Of the remaining net assets, \$25,938,321 and \$83,797,873 are restricted and unrestricted, respectively, for Governmental Activities, while \$1,371,947 and \$48,279,990 are restricted and unrestricted respectively for Business-Type Activities. The major component of the legally restricted portion is for Capital Projects, which account for \$17,773,026 or 65.52% of total restricted net assets citywide.
- Governmental fund balances at year-end were \$101,513,580, a decrease of \$2,176,748 from the prior year. The City experienced a reduction in cash and investments of (\$5,118,690) but also had a reduction in total liabilities of (\$5,734,042). The City also had a reduction of (\$9,687,825) in unreserved in the general fund and available to fund ongoing activities. These decreases were offset by an increase in unreserved fund balance for capital projects which increased \$14,482,176. Other legally restricted or reserved by City policy fund balances are \$1,244,021 and \$31,914,081 for debt service and for Special Revenue Fund purposes, respectively.

### Budget Adjustments

The difference between the original budget and final budget for the general fund for the biennium 2009-2010 are modest. The adjustments in total resulted in an increase of \$179,338 in fund balance which accounts for 0.03% of total net assets of the city. These adjustments included an increase in revenues of \$898,864, an increase in expenses of \$2,022,470 and a decrease in transfers out of \$60,253.

### 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 and 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-seven 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 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 as basic financial statements. Other budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

## The City of Redmond

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, 2008 and 2009 total \$613,861,063 and \$649,773,855, respectively. Following is a condensed version of the government-wide statement of net assets for 2009 compared to 2008.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 131,947	\$ 136,176	\$ 52,317	\$ 55,287	\$ 184,264	\$ 191,463
Capital assets, net of accumulated depreciation	<u>325,908</u>	<u>305,784</u>	<u>245,601</u>	<u>233,883</u>	<u>571,509</u>	<u>539,667</u>
Total assets	\$ <u>457,855</u>	\$ <u>441,960</u>	\$ <u>297,918</u>	\$ <u>289,170</u>	\$ <u>755,773</u>	\$ <u>731,130</u>
Long-term liabilities	\$ 77,454	\$ 80,288	\$ 12,020	\$ 12,678	\$ 89,474	\$ 92,966
Other liabilities	<u>14,551</u>	<u>20,815</u>	<u>1,974</u>	<u>3,487</u>	<u>16,525</u>	<u>24,302</u>
Total liabilities	\$ <u>92,005</u>	\$ <u>101,103</u>	\$ <u>13,994</u>	\$ <u>16,165</u>	\$ <u>105,999</u>	\$ <u>117,268</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	\$ 256,114	\$ 238,895	\$ 234,272	\$ 228,193	\$ 490,386	\$ 467,088
Restricted	25,938	24,203	1,372	7,686	27,310	31,889
Unrestricted	<u>83,798</u>	<u>77,758</u>	<u>48,280</u>	<u>37,126</u>	<u>132,078</u>	<u>114,884</u>
Total net assets	\$ <u><u>365,850</u></u>	\$ <u><u>340,856</u></u>	\$ <u><u>283,924</u></u>	\$ <u><u>273,005</u></u>	\$ <u><u>649,774</u></u>	\$ <u><u>613,861</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 2008 and 2009.

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

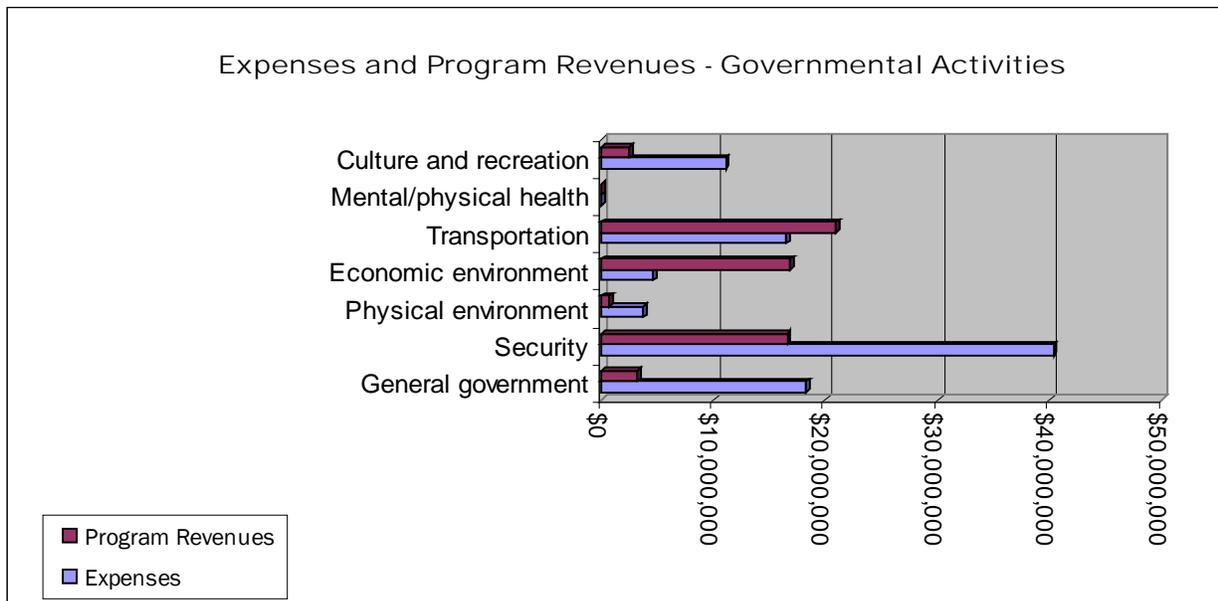
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 38,019	\$ 33,807	\$ 42,061	\$ 40,772	\$ 80,080	\$ 74,579
Operating grants and contributions	2,830	7,383	58	19	2,888	7,402
Capital grants and contributions	19,834	5,240	6,681	20,735	26,515	25,975
General revenues					-	-
Property taxes	19,446	18,589	-	-	19,446	18,589
Sales taxes	18,996	20,675	-	-	18,996	20,675
Other taxes	19,264	19,578	-	-	19,264	19,578
Investment interest	2,087	4,087	737	1,740	2,824	5,827
Miscellaneous	1,021	1,242	176	140	1,197	1,382
Total revenues	\$ 121,497	\$ 110,601	\$ 49,713	\$ 63,406	\$ 171,210	\$ 174,007
<b>Expenses:</b>						
General government	\$ 18,222	\$ 14,823	\$ -	\$ -	\$ 18,222	\$ 14,823
Security	40,319	40,940	-	-	40,319	40,940
Physical environment	3,763	3,962	-	-	3,763	3,962
Economic environment	4,664	3,689	-	-	4,664	3,689
Transportation	16,530	16,501	-	-	16,530	16,501
Mental/physical health	12	97	-	-	12	97
Culture and recreation	11,103	11,104	-	-	11,103	11,104
Interest on long term debt	1,891	2,045	-	-	1,891	2,045
Water/Wastewater	-	-	27,085	26,467	27,085	26,467
Novelty Hill						
Water/Wastewater	-	-	4,963	5,908	4,963	5,908
Stormwater	-	-	6,746	6,580	6,746	6,580
Total expenses	\$ 96,504	\$ 93,161	\$ 38,794	\$ 38,955	\$ 135,298	\$ 132,116
Increase in net assets	24,993	17,440	10,919	24,451	35,912	41,891
Net assets - beginning	340,857	323,417	273,005	248,553	613,862	571,970
Net assets - ending	\$ 365,850	\$ 340,857	\$ 283,924	\$ 273,004	\$ 649,774	\$ 613,861

Governmental activities contributed \$24,993,435 or 69.59% of the total change in net assets of \$35,912,792. Governmental activities accounts for 56.30% of the City's net assets.

Key elements of the 2009 increase are as follows:

- Total assets from Governmental activities increased by \$15,895,212.
  - An increase in capital assets which increased by \$20,124,026. Details relating to this increase are discussed in the capital asset section.
  - Cash and investments reflect a minimal decrease of \$992,272 from 2008 to 2009.
- Total liabilities from Governmental activities decreased by \$9,098,223.
  - Long term debt decreased by \$2,474,351 through principal payments on debt previously held by the City. There was no new debt added in 2009.
  - Due primarily to a change in accounting for Impact Fees, unearned revenue decreased by \$8,256,608. Complete details are available in the Note 5 to the financial statements.
- The total revenue increased between 2008 and 2009 by \$13,894,927. This increase was made up of several components.
  - Recognition of \$7,344,038 of impact fees which were shown previously as unearned income. This recognition was done based on a change in accounting practices performed based on a judicial decision. This change of accounting method contributed 90.74% of the total increase of the contributions from property owners. Complete details are available in the Note 5 to the financial statements.
  - The 36<sup>th</sup> Street Bridge over State Route 520 project was the primary reason for the increase in revenue in the Capital Improvements Program Fund. Intergovernmental revenue increased \$5,580,476 primarily from grant revenues funded by the American Recovery and Reinvestment Act related. Charges for services increased by \$3,873,882 from private contributions for this project.
- Total expenditures showed an increase from 2008 to 2009 of \$3,341,042. This increase was made up of increases in general government and security of persons and property of \$7,755,892 and decreases of new capital outlay expenditures of \$11,816,098.

The graph that follows compares program revenues to program expenses from the Statement of Activities and illustrates the revenues by source separately for the governmental activities for 2009.

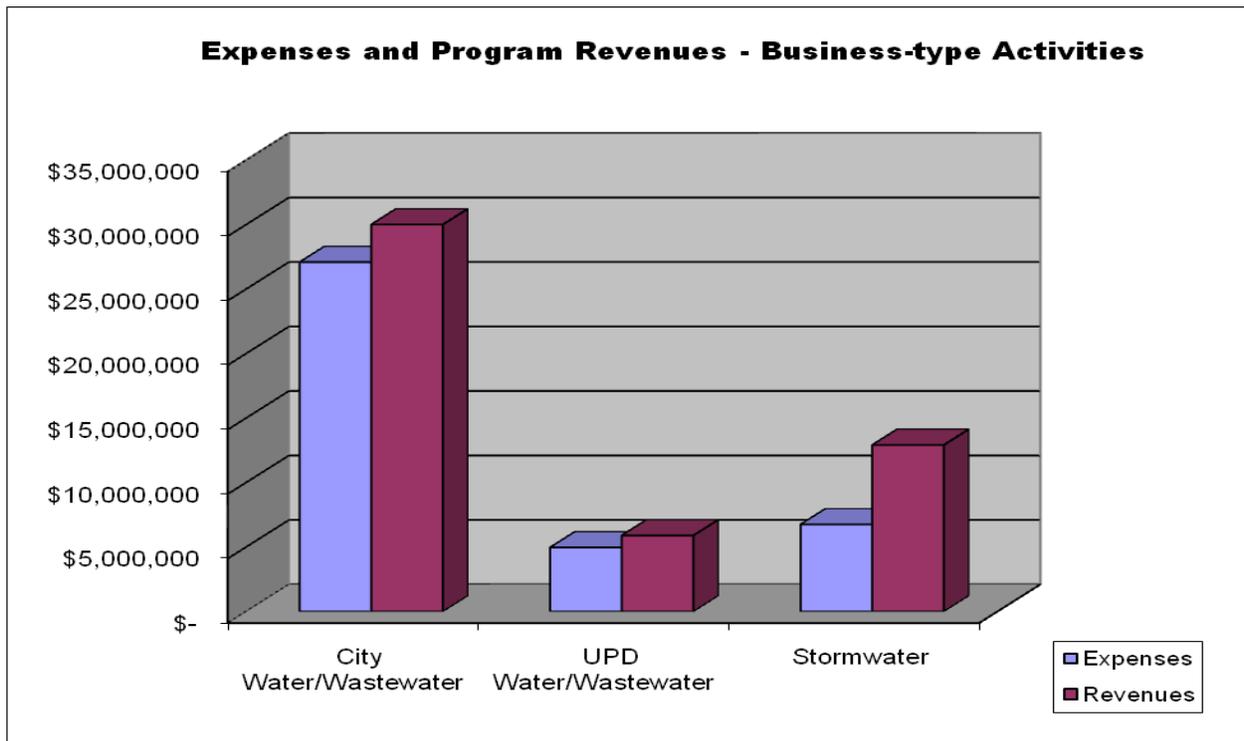


Business-type activities of the City's utilities increased the City of Redmond's net assets by \$10,919,357 or 30.41% of the total change of net assets of \$35,912,792. Business-type activities accounts for 43.70% of the City's net assets.

Key elements of this increase are as follows:

- The investments in capital assets increased \$11,718,133 or 5.01% between 2008 and 2009. Completion of Wells 1 & 2 totaling \$10,343,909 accounts for 88.27% of the increase.
- The decrease of \$2,171,213 in liabilities is due to principal payments on bond debt from previous years. There was no new debt incurred in 2009.
- The Water/Wastewater utility showed a modest operating income of \$387,137 due to an increase while the UPD Water/Wastewater utilities showed a modest operating loss of (\$134,273). However, when non-operating income and capital contributions are included, the net income is \$3,814,090 for the Water/Wastewater utility and \$1,076,798 for the UPD Water/Wastewater utility.
- The City is planning a significant stormwater project that will place a central line that will include filtration that will discharge to a pond. This project is tied to the acquisition of the BNSF rail corridor. This acquisition is expected to be completed in 2010. In preparation for this project, the Stormwater Management utility will be utilizing the reserves built over the past few years. In 2009 the total operating revenue was \$10,656,046 with operating expenses of \$6,746,031 for a net operating income of \$3,910,015.
- Investment earnings for the business-type activities had a decrease of \$1,003,183 over 2008. This decrease is due to the lower interest rates from the economic downturn.

The graph that follows compares program revenues to program expenses from the Statement of Activities and illustrates the revenues by source separately for the business-type activities for 2009.



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

The City continued to make large investments in capital assets in 2009 as reflected in the following table. The increase from 2008 to 2009 was \$31,842,159 or 5.57%.

Governmental activities increased \$20,124,026 partially made up of:

- Construction on the NE 36<sup>th</sup> Street bridge continued with \$14,615,806 in additional costs in 2009.
- Bear Creek Parkway Extension was completed in 2009 with additional costs of \$5,153,689.
- 161<sup>st</sup> Avenue NE Extension project got under way with \$1,178,428 in costs.
- Fire Station 17 increased \$1,512,805 with purchase of land and development costs for the new station.

Business-Type Activities reflected an increase of \$11,718,133 partially made up of:

- Completion of Well #1&2 with costs of \$10,343,909 in 2009.
- Education Hill Tank site improvements totaling \$1,982,216.
- Purchase of the King Country Metro land for the Stormwater Eastside Industrial Basin project totaled \$1,749,511.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 73,707,419	\$ 69,567,875	\$ 9,814,971	\$ 7,393,355	\$ 83,522,390	\$ 76,961,230
Buildings/ Bldg. Improvements	56,213,029	54,432,657	31,363,079	24,063,241	87,576,108	78,495,898
Improvements other than buildings	19,212,834	18,754,915	197,813,395	189,864,840	217,026,229	208,619,755
Machinery and equipment	12,097,455	12,511,615	287,784	331,618	12,385,239	12,843,233
Construction in progress	23,508,459	20,702,608	6,322,004	12,230,046	29,830,463	32,932,654
Infrastructure	140,840,131	129,504,015	-	-	140,840,131	129,504,015
Art	328,365	309,981	-	-	328,365	309,981
<b>Total</b>	<b>\$ 325,907,692</b>	<b>\$ 305,783,666</b>	<b>\$ 245,601,233</b>	<b>\$ 233,883,100</b>	<b>\$ 571,508,925</b>	<b>\$ 539,666,766</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 2009, the City of Redmond had total bonded debt outstanding of \$81,400,000. Of this amount, \$70,040,000 is general obligation bonds (City Hall, Bear Creek Parkway, and 1994 Refunding Bonds); \$170,000 is special assessment debt with governmental commitment; and the balance of \$11,190,000 is revenue bonded debt for the water/wastewater utility.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$70,040,000	\$72,455,000	\$ -	\$ -	\$70,040,000	\$72,455,000
Special assessment debt with governmental commitment	170,000	530,000	-	-	170,000	530,000
Revenue bonds	-	-	11,190,000	11,755,000	11,190,000	11,755,000
<b>Total</b>	<b>\$70,210,000</b>	<b>\$72,985,000</b>	<b>\$11,190,000</b>	<b>\$11,755,000</b>	<b>\$81,400,000</b>	<b>\$84,740,000</b>

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 Director of Finance & Information Services, City of Redmond, PO Box 97010, Redmond, WA 98073-9710.

Statement of Net Assets  
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 38,532,943	\$ 10,800,214	\$ 49,333,157
Cash with outside agencies	10,000	-	10,000
Investments (Note 4)	80,459,149	34,811,302	115,270,451
Receivables:			
Taxes	5,453,980	-	5,453,980
Accounts	3,362,494	4,072,390	7,434,884
Interest	743,116	299,983	1,043,099
Special assessments	31,667	-	31,667
Due from other governments	681,524	-	681,524
Inventory	33,461	116,828	150,289
Deferred charges	208,130	364,332	572,462
Prepaid Insurance	414,706	-	414,706
Restricted assets:			
Deposit cash	122,484	480,068	602,552
Deposit investments	1,893,773	-	1,893,773
Capital project bond fund cash	-	196,447	196,447
Revenue bond redemption investments	-	1,175,500	1,175,500
Capital assets (Note 8):			
Land, artwork, construction in progress	97,544,243	16,136,975	113,681,218
Depreciable capital assets, net	228,363,449	229,464,258	457,827,707
Total Assets	<u>457,855,119</u>	<u>297,918,297</u>	<u>755,773,416</u>
<b>Liabilities</b>			
Accounts/claims	7,995,862	1,406,771	9,402,633
Employee wages	2,781,259	24,491	2,805,750
Interest	144,971	42,741	187,712
Due to other governments	1,057,766	13,528	1,071,294
Unearned revenues	555,135	6,240	561,375
Customer deposits	2,016,257	480,068	2,496,325
Noncurrent liabilities (Note 13):			
Due within one year	5,535,327	985,873	6,521,200
Due in more than one year	71,748,692	11,034,580	82,783,272
Special assessment debt with governmental commitment	170,000	-	170,000
Total Liabilities	<u>92,005,269</u>	<u>13,994,292</u>	<u>105,999,561</u>
<b>Net Assets</b>			
Invested in capital assets net of related debt (Note 8)	256,113,656	234,272,068	490,385,724
Restricted for:			
Advance Live Support	651,824	-	651,824
Cable Access	1,330,363	-	1,330,363
Parks	1,151,501	-	1,151,501
Police	2,049,732	-	2,049,732
Fire	1,645,295	-	1,645,295
Debt service	1,244,021	1,175,500	2,419,521
Capital Projects	17,576,579	196,447	17,773,026
Tourism	289,006	-	289,006
Unrestricted	83,797,873	48,279,990	132,077,863
Total Net Assets	<u>\$ 365,849,850</u>	<u>\$ 283,924,005</u>	<u>\$ 649,773,855</u>

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

Statement of Activities  
For the Year Ended December 31, 2009

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 18,221,681	\$ 3,197,968	\$ 601	\$ -	\$ (15,023,112)	\$ -	\$ (15,023,112)
Security	40,318,594	15,764,063	813,323	-	(23,109,694)	-	(23,109,694)
Physical environment	3,762,951	421,123	356,788	-	(2,985,040)	-	(2,985,040)
Economic environment	4,664,349	16,572,998	206,064	-	12,114,713	-	12,114,713
Transportation	16,530,160	12,706	1,203,468	19,696,174	3,750,674	-	3,750,674
Mental/physical health	12,291	-	-	-	(12,291)	-	(12,291)
Culture and recreation	11,103,002	2,050,196	250,166	137,522	(8,665,118)	-	(8,665,118)
Interest on long-term debt	1,890,648	-	-	-	(1,890,648)	-	(1,890,648)
Total governmental activities	<u>96,503,676</u>	<u>38,019,054</u>	<u>2,830,410</u>	<u>19,833,696</u>	<u>(35,820,516)</u>	<u>-</u>	<u>(35,820,516)</u>
Business-type activities							
Water/Wastewater	27,085,051	26,576,578	-	3,425,318	-	2,916,845	2,916,845
UPD Water/Wastewater	4,962,810	4,828,537	-	1,062,211	-	927,938	927,938
Stormwater	6,746,031	10,656,046	58,435	2,193,407	-	6,161,857	6,161,857
Total business-type activities	<u>38,793,892</u>	<u>42,061,161</u>	<u>58,435</u>	<u>6,680,936</u>	<u>-</u>	<u>10,006,640</u>	<u>10,006,640</u>
Total government	<u>\$ 135,297,568</u>	<u>\$ 80,080,215</u>	<u>\$ 2,888,845</u>	<u>\$ 26,514,632</u>	<u>(35,820,516)</u>	<u>10,006,640</u>	<u>(25,813,876)</u>
General revenues							
Taxes							
Property					19,445,737	-	19,445,737
Sales					18,995,704	-	18,995,704
Business and Occupation					16,456,546	-	16,456,546
Excise					2,202,937	-	2,202,937
Liquor					604,397	-	604,397
Unrestricted investment interest					2,086,573	737,290	2,823,863
Miscellaneous					1,008,261	175,427	1,183,688
Gain on sale of capital assets					13,796	-	13,796
Total general revenues					<u>60,813,951</u>	<u>912,717</u>	<u>61,726,668</u>
Change in net assets					24,993,435	10,919,357	35,912,792
Net assets-beginning					340,856,415	273,004,648	613,861,063
Net assets-ending					<u>\$ 365,849,850</u>	<u>\$ 283,924,005</u>	<u>\$ 649,773,855</u>

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

Balance Sheet  
Governmental Funds  
December 31, 2009

	General	Capital Improvements Program Fund	Other Governmental Funds	Governmental Funds Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,107,685	\$ 21,916,855	\$ 8,564,758	\$ 31,589,298
Cash with outside agency	-	-	10,000	10,000
Investments	6,043,796	42,237,294	22,813,347	71,094,437
Receivables:				
Taxes	5,082,687	-	371,293	5,453,980
Accounts	832,503	776,513	1,752,838	3,361,854
Interest	53,786	229,455	98,037	381,278
Special assessments	-	-	31,667	31,667
Due from other funds	-	-	899,680	899,680
Due from other governments	1,430	671,147	-	672,577
Prepaid Insurance	-	-	16,168	16,168
Restricted assets:				
Deposit cash	-	116,811	5,669	122,480
Deposit investments	1,893,773	-	-	1,893,773
Total Assets	<u>\$ 15,015,660</u>	<u>\$ 65,948,075</u>	<u>\$ 34,563,457</u>	<u>\$ 115,527,192</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts/claims payable	\$ 2,850,599	\$ 3,524,564	\$ 339,233	\$ 6,714,396
Employee wages payable	2,732,920	6,411	31,051	2,770,382
Due to other funds	-	-	899,680	899,680
Due to other governments	550,100	434,169	73,497	1,057,766
Payable from restricted assets:				
Deposits payable	1,893,773	116,811	5,669	2,016,253
Deferred revenues (Note 9)	498,910	-	56,225	555,135
Total Liabilities	<u>8,526,302</u>	<u>4,081,955</u>	<u>1,405,355</u>	<u>14,013,612</u>
<b>Fund balances:</b>				
Reserved for:				
Debt service	-	-	1,244,021	1,244,021
Unreserved, reported in:				
General fund	6,489,358	-	-	6,489,358
Special revenue funds	-	-	31,914,081	31,914,081
Capital projects funds	-	61,866,120	-	61,866,120
Total Fund Balances	<u>6,489,358</u>	<u>61,866,120</u>	<u>33,158,102</u>	<u>101,513,580</u>
Total Liabilities and Fund Balances	<u>\$ 15,015,660</u>	<u>\$ 65,948,075</u>	<u>\$ 34,563,457</u>	

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.	320,236,642
Net pension obligation paid in over required (overfunded)	-
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 3)	495,905
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.	20,997,768
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)	<u>(77,394,045)</u>
Net assets of governmental activities	<u>\$ 365,849,850</u>

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

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

For the Year Ended December 31, 2009

Page 1 of 2

	General Fund	Capital Improvements Program Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 43,039,310	\$ 1,100,000	\$ 12,961,616	\$ 57,100,926
Special assessments	-	-	87,754	87,754
Licenses and permits	6,554,248	-	502,860	7,057,108
Contributions from property owners (Note 5)	2,853	10,225,103	326,311	10,554,267
Intergovernmental	9,737,088	9,620,298	7,211,987	26,569,373
Charges for services	3,963,319	9,165,958	2,319,159	15,448,436
Fines and forfeitures	1,050,985	-	2,000	1,052,985
Investment income	571,184	977,119	688,306	2,236,609
Miscellaneous	230,401	470,209	256,171	956,781
Total Revenues	<u>65,149,388</u>	<u>31,558,687</u>	<u>24,356,164</u>	<u>121,064,239</u>
<b>Expenditures</b>				
Current				
General government	16,128,371	1,491,886	466,800	18,087,057
Security of persons and property	32,838,796	998,857	9,391,344	43,228,997
Physical environment	2,955,949	37,036	735,203	3,728,188
Transportation	3,924,325	4,180,213	1,155,857	9,260,395
Economic environment	3,252,859	-	1,089,789	4,342,648
Mental/physical health	12,291	-	-	12,291
Culture and recreation	5,801,145	436,651	3,822,178	10,059,974
Capital outlay	133,106	27,477,337	405,662	28,016,105
Debt service:				
Principal	-	1,378,611	1,730,000	3,108,611
Interest and debt issue costs	-	1,810,971	1,609,115	3,420,086
Total Expenditures	<u>65,046,842</u>	<u>37,811,562</u>	<u>20,405,948</u>	<u>123,264,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,546</u>	<u>(6,252,875)</u>	<u>3,950,216</u>	<u>(2,200,113)</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	-	-	200	200
Disposition of capital assets	25,000	-	24,150	49,150
Transfers in (Note 12)	20,893	21,284,073	6,375,638	27,680,604
Transfers out (Note 12)	(9,836,264)	(549,022)	(17,321,303)	(27,706,589)
Total other financing sources and uses	<u>(9,790,371)</u>	<u>20,735,051</u>	<u>(10,921,315)</u>	<u>23,365</u>
Net change in fund balances	<u>(9,687,825)</u>	<u>14,482,176</u>	<u>(6,971,099)</u>	<u>(2,176,748)</u>
<b>Fund balances-beginning</b>	16,177,183	47,383,944	40,129,201	103,690,328
<b>Fund balances-ending</b>	<u>\$ 6,489,358</u>	<u>\$ 61,866,120</u>	<u>\$ 33,158,102</u>	<u>\$ 101,513,580</u>

Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2009

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

Net change in fund balances-total governmental funds.	\$ (2,176,748)
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 (\$28,016,105) less CIP closures (\$20,052) exceeded depreciation (\$8,806,696) in the current period.	19,189,357
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note 3)	134,679
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)	3,108,611
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.	5,036,926
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)	<u>(299,390)</u>
Change in net assets of governmental activities.	<u>\$ 24,993,435</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, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 96,958,303	\$ 96,958,303	\$ 43,039,310	\$ (53,918,993)
Licenses and permits	14,715,098	14,715,098	6,554,248	(8,160,850)
Contributions from property owners	-	-	2,853	2,853
Intergovernmental	17,916,010	18,798,656	9,737,088	(9,061,568)
Charges for services	8,771,777	8,787,995	3,963,319	(4,824,676)
Fines and forfeitures	1,629,600	1,629,600	1,050,985	(578,615)
Investment income	1,866,882	1,866,882	571,184	(1,295,698)
Miscellaneous	342,928	342,928	230,401	(112,527)
<b>Total Revenues</b>	<b>142,200,598</b>	<b>143,099,462</b>	<b>65,149,388</b>	<b>(77,950,074)</b>
<b>Expenditures</b>				
Current				
General government	30,738,589	30,930,979	16,128,371	14,802,608
Security of persons and property	70,272,357	71,637,087	32,838,796	38,798,291
Physical environment	6,706,501	6,855,653	2,955,949	3,899,704
Transportation	7,711,313	7,798,092	3,924,325	3,873,767
Economic development	6,762,011	6,880,170	3,252,859	3,627,311
Mental/physical health	21,601	21,601	12,291	9,310
Culture and recreation	12,843,531	12,858,431	5,801,145	7,057,286
Capital outlay	53,400	149,760	133,106	16,654
<b>Total Expenditures</b>	<b>135,109,303</b>	<b>137,131,773</b>	<b>65,046,842</b>	<b>72,084,931</b>
Excess (deficiency) of revenues over (under) expenditures	7,091,295	5,967,689	102,546	(5,865,143)
<b>Other Financing Sources (Uses)</b>				
Disposition of capital assets	-	-	25,000	25,000
Transfers in	42,122	42,122	20,893	(21,229)
Transfers out	(17,102,168)	(17,041,915)	(9,836,264)	7,205,651
<b>Total other financing sources and uses</b>	<b>(17,060,046)</b>	<b>(16,999,793)</b>	<b>(9,790,371)</b>	<b>7,209,422</b>
Net change in fund balance	(9,968,751)	(11,032,104)	(9,687,825)	1,344,279
<b>Fund balance-beginning</b>	<b>14,934,492</b>	<b>16,177,183</b>	<b>16,177,183</b>	<b>-</b>
<b>Fund balance-ending</b>	<b>\$ 4,965,741</b>	<b>\$ 5,145,079</b>	<b>\$ 6,489,358</b>	<b>\$ 1,344,279</b>

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

Statement of Net Assets  
Proprietary Funds  
December 31, 2009

	Business-type Activities - Enterprise Funds			Totals	Governmental
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		Activities - Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 3,586,222	\$ 1,609,590	\$ 5,604,402	\$ 10,800,214	\$ 6,943,645
Investments	7,921,419	6,051,370	20,838,513	34,811,302	9,364,712
Accounts and contracts receivable	2,394,991	360,830	1,316,569	4,072,390	640
Interest receivable	82,541	49,766	167,676	299,983	74,063
Due from other government	-	-	-	-	8,947
Inventory	116,828	-	-	116,828	33,461
Pre-Paid Insurance	-	-	-	-	398,538
Restricted assets:					
Customer deposits:					
Cash and cash equivalents	261,524	208,478	10,066	480,068	4
Capital project bond funds:					
Cash and cash equivalents	196,447	-	-	196,447	-
Revenue bond redemption:					
Investments	1,175,500	-	-	1,175,500	-
Total current assets	<u>15,735,472</u>	<u>8,280,034</u>	<u>27,937,226</u>	<u>51,952,732</u>	<u>16,824,010</u>
Noncurrent assets:					
Deferred charges	359,104	5,228	-	364,332	-
Capital assets:					
Land	2,776,911	3,274,106	3,755,179	9,806,196	584,292
Buildings	23,148,190	10,919,225	738,100	34,805,515	619,494
Improvements other than buildings	143,240,955	57,243,473	43,257,193	243,741,621	278,099
Equipment	191,609	281,466	236,785	709,860	11,307,794
Construction in progress	1,747,878	43,910	4,530,216	6,322,004	-
Other property	8,775	-	-	8,775	-
Less accumulated depreciation	<u>(33,168,680)</u>	<u>(8,011,774)</u>	<u>(8,612,284)</u>	<u>(49,792,738)</u>	<u>(7,118,628)</u>
Total capital assets (net of depreciation)	<u>137,945,638</u>	<u>63,750,406</u>	<u>43,905,189</u>	<u>245,601,233</u>	<u>5,671,051</u>
Total noncurrent assets	<u>138,304,742</u>	<u>63,755,634</u>	<u>43,905,189</u>	<u>245,965,565</u>	<u>5,671,051</u>
Total Assets	<u>\$ 154,040,214</u>	<u>\$ 72,035,668</u>	<u>\$ 71,842,415</u>	<u>\$ 297,918,297</u>	<u>\$ 22,495,061</u>

Statement of Net Assets  
Proprietary Funds  
December 31, 2009

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Water/ Wastewater</b>	<b>UPD Water/ Wastewater</b>	<b>Stormwater Management</b>		
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 1,178,345	\$ 26,273	\$ 202,153	\$ 1,406,771	\$ 1,281,465
Employee wages payable	12,528	1,348	10,615	24,491	10,877
Compensated absences	222,146	21,957	151,770	395,873	163,957
Due to other governments	5,195	-	8,333	13,528	-
Unearned revenues	-	6,240	-	6,240	-
Liabilities payable from restricted assets:					
Customer deposits payable	261,524	208,478	10,066	480,068	4
Current bond principal	590,000	-	-	590,000	-
Accrued interest payable	42,741	-	-	42,741	-
Total current liabilities	<u>2,312,479</u>	<u>264,296</u>	<u>382,937</u>	<u>2,959,712</u>	<u>1,456,303</u>
Noncurrent liabilities:					
Revenue bonds payable, net	10,935,612	-	-	10,935,612	-
Compensated absences	55,536	5,489	37,943	98,968	40,990
Total noncurrent liabilities	<u>10,991,148</u>	<u>5,489</u>	<u>37,943</u>	<u>11,034,580</u>	<u>40,990</u>
Total Liabilities	<u>13,303,627</u>	<u>269,785</u>	<u>420,880</u>	<u>13,994,292</u>	<u>1,497,293</u>
<b>Net Assets</b>					
Invested in capital assets, net					
of related debt	126,616,473	63,750,406	43,905,189	234,272,068	5,671,051
Restricted for debt service	1,175,500	-	-	1,175,500	-
Restricted for Capital Projects-bond funds	196,447	-	-	196,447	-
Unrestricted	12,748,167	8,015,477	27,516,346	48,279,990	15,326,717
Total Net Assets	<u>\$ 140,736,587</u>	<u>\$ 71,765,883</u>	<u>\$ 71,421,535</u>	<u>\$ 283,924,005</u>	<u>\$ 20,997,768</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, 2009

	<u>Water/ Wastewater</u>	<u>UPD Water/ Wastewater</u>	<u>Stormwater Management</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for services	\$ 16,624,073	\$ 3,643,243	\$ 10,656,046	\$ 30,923,362	\$ 7,597,723
Metro service	9,952,505	1,185,294	-	11,137,799	-
Charges for replacement	-	-	-	-	2,200,717
Charges for insurance	-	-	-	-	8,829,434
Total Operating Revenues	<u>26,576,578</u>	<u>4,828,537</u>	<u>10,656,046</u>	<u>42,061,161</u>	<u>18,627,874</u>
<b>Operating expenses:</b>					
Administrative and general	4,512,783	663,573	4,020,925	9,197,281	343,226
Purchased water	4,804,012	1,467,695	-	6,271,707	-
Metro service	10,103,898	1,133,869	-	11,237,767	-
Supplies	-	-	-	-	709,634
Maintenance and operations	2,731,006	465,028	1,529,015	4,725,049	13,654,601
Taxes	541,556	90,914	133,085	765,555	-
Depreciation and amortization	3,496,186	1,141,731	1,063,006	5,700,923	995,700
Total Operating Expenses	<u>26,189,441</u>	<u>4,962,810</u>	<u>6,746,031</u>	<u>37,898,282</u>	<u>15,703,161</u>
Operating Income (Loss)	<u>387,137</u>	<u>(134,273)</u>	<u>3,910,015</u>	<u>4,162,879</u>	<u>2,924,713</u>
<b>Nonoperating revenues (expenses):</b>					
Interest and investment revenue	193,948	93,131	450,211	737,290	188,969
Grants	-	-	1,123,250	1,123,250	76,906
Interest expense	(303,972)	-	-	(303,972)	-
Amortization of debt issue costs	(7,689)	-	-	(7,689)	-
Intergovernmental revenue	-	-	-	-	25,653
Gain on sale of capital assets	-	-	-	-	13,796
Insurance Recovery	-	-	-	-	78,432
Miscellaneous	119,348	55,729	350	175,427	833,492
Total nonoperating revenues (expenses)	<u>1,635</u>	<u>148,860</u>	<u>1,573,811</u>	<u>1,724,306</u>	<u>1,217,248</u>
Income before contributions and transfers	<u>388,772</u>	<u>14,587</u>	<u>5,483,826</u>	<u>5,887,185</u>	<u>4,141,961</u>
<b>Capital contributions</b>	3,425,318	1,062,211	1,128,592	5,616,121	285,031
Transfers in	-	-	-	-	25,985
Change in net assets	3,814,090	1,076,798	6,612,418	11,503,306	4,452,977
Total net assets - beginning	136,922,497	70,689,085	64,809,117	272,420,699	16,544,791
Total net assets - ending	<u>\$ 140,736,587</u>	<u>\$ 71,765,883</u>	<u>\$ 71,421,535</u>	<u>283,924,005</u>	<u>\$ 20,997,768</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(583,949)	
Change in net assets of business-type activities				<u>\$ 10,919,357</u>	

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

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009

Page 1 of 2

Governmental  
Activities-  
Internal  
Service Funds

	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
<b>Cash Flow From Operating Activities</b>					
Cash received from customers	\$ 26,317,508	\$ 4,768,434	\$ 10,804,179	\$ 41,890,121	\$ 16,332,235
Cash received for replacement	-	-	-	-	2,200,717
Cash payments to suppliers	(6,765,711)	(2,249,887)	(904,279)	(9,919,877)	(11,134,253)
Cash payments to employees	(3,299,695)	(372,111)	(2,509,640)	(6,181,446)	(3,069,130)
Cash payments to other governments	(10,645,454)	(1,224,783)	(133,085)	(12,003,322)	-
Internal activity - payments to other funds	(2,646,471)	(577,708)	(2,201,593)	(5,425,772)	(456,943)
Other operating receipts	(84,504)	(100,880)	(991)	(186,375)	941,276
Net cash provided (used) by operating activities	<u>2,875,673</u>	<u>243,065</u>	<u>5,054,591</u>	<u>8,173,329</u>	<u>4,813,902</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Grant Proceeds	-	-	58,435	58,435	76,906
Transfers in	-	-	-	-	25,985
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>58,435</u>	<u>58,435</u>	<u>102,891</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(8,469,639)	(222,318)	(4,977,968)	(13,669,925)	(1,106,537)
Proceeds from sale of capital assets	-	-	-	-	53,950
Proceeds from sale of other assets	119,348	55,729	350	175,427	-
Capital contributions	1,721,376	49,771	239,450	2,010,597	-
Bond/grant proceeds	(565,000)	-	1,064,815	499,815	-
Interest paid on revenue bonds	(328,847)	-	-	(328,847)	-
Principal paid on other debt	(85,356)	-	-	(85,356)	-
Interest paid on other debt	(1,257)	-	-	(1,257)	-
Net cash provided (used) for capital and related financing activities	<u>(7,609,375)</u>	<u>(116,818)</u>	<u>(3,673,353)</u>	<u>(11,399,546)</u>	<u>(1,052,587)</u>
<b>Cash Flows from Investing Activities</b>					
Investment purchases	-	-	-	-	(96,203)
Investment sales/maturities	156,002	871,862	2,371,512	3,399,376	1,206,047
Interest on investments	219,875	132,763	551,276	903,914	262,212
Net cash provided (used) in investing activities	<u>375,877</u>	<u>1,004,625</u>	<u>2,922,788</u>	<u>4,303,290</u>	<u>1,372,056</u>
Net increase (decrease) in cash and cash equivalents	(4,357,825)	1,130,872	4,362,461	1,135,508	5,236,262
Cash and cash equivalents-beginning of year	8,402,018	687,196	1,252,007	10,341,221	1,707,387
Cash and cash equivalents-end of year	<u>\$ 4,044,193</u>	<u>\$ 1,818,068</u>	<u>\$ 5,614,468</u>	<u>\$ 11,476,729</u>	<u>\$ 6,943,649</u>

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009

Page 2 of 2

	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Governmental Activities- Internal Service Funds
Cash at the end of the year consists of:					
Operating fund cash	\$ 3,586,222	\$ 1,609,590	\$ 5,604,402	\$ 10,800,214	\$ 6,943,645
Bond reserve cash	196,447	-	-	196,447	-
Customer deposits	261,524	208,478	10,066	480,068	4
Total cash at end of year	<u>\$ 4,044,193</u>	<u>\$ 1,818,068</u>	<u>\$ 5,614,468</u>	<u>\$ 11,476,729</u>	<u>\$ 6,943,649</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 387,137	\$ (134,273)	\$ 3,910,015	\$ 4,162,879	\$ 2,924,713
Adjustments to reconcile operating income to net cash provided by					
Operating activities:					
Depreciation	3,496,186	1,141,731	1,063,006	5,700,923	995,700
Decrease (increase) in accounts receivable	(276,560)	(60,103)	(423,523)	(760,186)	(1,698)
Decrease (increase) in inventory	(24,707)	-	-	(24,707)	2,881
Decrease (increase) in prepaid expenses	-	-	-	-	(3,424)
Decrease (increase) in due from other governments	17,490	-	571,656	589,146	-
Increase (decrease) in accounts payable	(511,517)	(588,592)	(5,833)	(1,105,942)	104,431
Increase (decrease) due to other governments	(1,775)	-	8,333	6,558	-
Increase (decrease) in employee wages payable	(128,195)	(10,941)	(86,572)	(225,708)	(91,620)
Increase (decrease) in compensated absences payable	2,118	(3,877)	18,500	16,741	38,566
Reclassify other income	-	-	-	-	937,577
Increase (decrease) in customer deposits payable	(84,504)	(100,880)	(991)	(186,375)	-
Increase (decrease) in deferred revenue	-	-	-	-	(93,224)
Net cash provided (used) by operating activities	<u>\$ 2,875,673</u>	<u>\$ 243,065</u>	<u>\$ 5,054,591</u>	<u>\$ 8,173,329</u>	<u>\$ 4,813,902</u>
Noncash investing, capital and financing activities:					
Developers contributed infrastructure valued at	\$ 1,703,942	\$ 1,012,440	\$ 889,141	\$ 3,605,523	\$ -
Other funds of the city transferred vehicles valued at	-	-	-	-	285,031
Fair value of investments decreased by	\$ (78,199)	\$ (52,019)	\$ (179,131)	\$ (309,349)	\$ (80,500)

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

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 As of December 31, 2009

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 177,532	\$ 1,172,927
Invested in Federal Agency Notes	661,390	-
Receivables		
Interest	5,287	-
Total Assets	\$ 844,209	\$ 1,172,927
<b>Liabilities</b>		
Due to other governments	\$ -	\$ 38,447
Custodial	-	34,048
Trust account	-	1,100,432
Total Liabilities	\$ -	\$ 1,172,927
<b>Net Assets</b>		
Held in trust for pension benefits	\$ 844,209	

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

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
As of December 31, 2009

	<b>Firemen's Pension Fund</b>
ADDITIONS	
Other Contributions	\$ 119,354
Investment interest	13,548
Total additions	<u>132,902</u>
DEDUCTIONS	
Benefit payments	12,561
Administrative expenses	1,313
Total deductions	<u>13,874</u>
Change in net assets	119,028
Net assets-beginning	<u>725,181</u>
Net assets-ending	<u><u>844,209</u></u>

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 Statements.

### 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. 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.

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 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 uses a "budgeting for outcomes" format and follows the procedures outlined below in the year preceding the first year of the two-year budget to establish its biennial budget:

- In winter, community meetings are held to affirm or revise the City's budget priorities. The mayor appoints staff and citizens to teams which interpret these priorities and develop the primary factors that the City should support to pursue the given priority. These factors are used by staff to develop budget offers.
- In spring, 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. Also around mid-year staff prepares a six year forecast and reviews this forecast with City Council at a public meeting.
- 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 City 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 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, they 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 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 are 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 2009, 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 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:

Investment interest accrued beyond the City's 60 day measurable and available period	\$ 287,775
Deferred charge for bond issue costs	<u>208,130</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 495,905</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	\$ (70,040,000)
Unamortized bond premiums	(1,222,496)
Special assessment bonds payable	(170,000)
Loans payable	(1,161,729)
Accrued interest payable	(144,971)
Compensated absences	(3,172,199)
Other post-employment benefits	<u>(1,482,650)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (77,394,045)</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 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	\$ 631,514
Change in unearned special assessment revenue	(87,893)
Change in investment interest receivable due beyond the City's 60 day measurable and available period	<u>(408,942)</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net assets - governmental activities	<u>\$ 134,679</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:

Principal repayments:	
General obligation bonds	\$ 2,415,000
LID bonds repayment	360,000
Public Works Trust Fund loans repayment	<u>333,611</u>
Net adjustment to decrease net change in fund balances - governmental funds to arrive at change in net assets of governmental activities	<u>\$ 3,108,611</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	\$ 2,060
Amortization of debt issue costs	(13,197)
Amortization of debt discounts and premiums	69,936
Change in compensated absences payable	(29,551)
Change in other post-employment benefits payable	(276,080)
Loss on sale of capital assets	<u>(52,558)</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net assets of governmental funds	<u>\$ (299,390)</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, 2009 the carrying amount of the City's cash demand deposits with Bank of America (B of A) was \$1,314,928 and the in-transit items were \$17,819. Seized cash on deposit at B of A awaiting court decisions totaled \$5,438. The carrying amount and bank balance of the City's cash demand deposits at U.S. Bank at December 31, 2009 was \$218,336. This account also held \$3,000,000 from an investment maturity at year-end. \$1,039,420 retained from contractors pending acceptance of City construction projects was held in escrow or savings accounts at various banks. \$440,604 is held by Redmond Community Properties, a blended component unit of the City. Petty cash totaled \$38,500, of which \$33,170 was allocated to various City offices and \$5,330 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 primary cash account as funds are spent. The balance at December 31, 2009 was \$196,447. The City held \$4,675,000 in 0% interest certificates of deposit at Bank of America as well as \$3,000,000 in a negotiable order of withdrawal account at Sterling Savings.

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, 2009, the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years
Certificates of Deposit	\$ 32,504,904	\$ 32,504,904	\$ -
Federal Farm Credit Bank	11,824,860	2,002,500	9,822,360
Federal Home Loan Bank	29,040,020	6,101,260	22,938,760
Federal Home Loan Mortgage Corporation	10,989,480	-	10,989,480
Federal National Mortgage Association	30,981,525	2,007,500	28,974,025
US Treasury Notes	2,002,420	-	2,002,420
WA State School District Bond	1,657,908	1,657,908	-
Subtotal	119,001,117	44,274,072	74,727,045
Local Government Investment Pool	37,541,446	37,541,446	-
Total	\$ 156,542,563	\$ 81,815,518	\$ 74,727,045

**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, 2009 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, 2009 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: Accounting Change - Impact Fees

Impact fees are now recognized as revenue when the fee payments are received and no longer treated as deferred revenue. Due to a change in the revenue recognition, local governments have been directed to recognize the revenue when an enforceable legal claim to the fee exists. The enforceable claim has been defined as when the local government receives the fee payment. Fees are collected for fire, parks and transportation and these revenues are recorded in the capital improvements program fund.

Impact fee revenues totaling \$8,268,525 are included as contributions of property owners in the Capital Improvements Program Fund on Statement of Revenues, Expenditures and Changes in Fund Balances. Of this amount, \$7,344,038 pertains to the recognition of deferred revenue from the prior year.

#### 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.

The City of 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 or IPD, whichever is less, 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 tax levy to a maximum of one percent of assessed valuation or \$10 per \$1,000 of the market value of a property. 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 \$1.34698 per \$1,000 of assessed value for general governmental services, and an additional \$0.02005 per \$1,000 of assessed value for a voter-approved excess tax levy, for a combined total of \$1.36703 per \$1,000 of assessed value.

NOTE 7:  
Interfund Receivables and Payables

The composition of interfund receivables and payables as of December 31, 2009 is as follows:

	Due To	Due From
Operating Reserves Fund	\$ 899,680	\$ -
Advanced Life Support Fund	-	899,680
	\$ 899,680	\$ 899,680

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, 2009 was as follows:

### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 69,567,875	\$ 4,139,544	\$ -	\$ 73,707,419
Construction In Progress	20,702,608	27,324,834	(24,518,983)	23,508,459
Art	<u>309,981</u>	<u>18,384</u>	<u>-</u>	<u>328,365</u>
Total Capital Assets, Not Being Depreciated	<u>90,580,464</u>	<u>31,482,762</u>	<u>(24,518,983)</u>	<u>97,544,243</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	65,369,904	3,728,967	(766,583)	68,332,288
Improvements Other than Buildings	25,303,372	1,430,121	(199,436)	26,534,057
Machinery and Equipment	25,222,554	1,979,440	(1,023,347)	26,178,647
Infrastructure	<u>190,114,625</u>	<u>15,916,828</u>	<u>(153,579)</u>	<u>205,877,874</u>
Total Capital Assets, Being Depreciated	<u>306,010,455</u>	<u>23,055,356</u>	<u>(2,142,945)</u>	<u>326,922,866</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	10,937,247	1,948,595	(766,583)	12,119,259
Improvements Other Than Buildings	6,548,457	972,202	(199,436)	7,321,223
Machinery and Equipment	12,710,939	2,301,917	(931,664)	14,081,192
Infrastructure	<u>60,610,610</u>	<u>4,580,712</u>	<u>(153,579)</u>	<u>65,037,743</u>
Total Accumulated Depreciation	<u>90,807,253</u>	<u>9,803,426</u>	<u>(2,051,262)</u>	<u>98,559,417</u>
Total Capital Assets, Being Depreciated, Net	<u>215,203,202</u>	<u>13,251,930</u>	<u>(91,683)</u>	<u>228,363,449</u>
Governmental Activities Capital Assets, Net	<u>\$ 305,783,666</u>	<u>\$ 44,734,692</u>	<u>\$ (24,610,666)</u>	<u>\$ 325,907,692</u>

### INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

#### Government Type Activities

Capital assets not being depreciated	\$ 97,544,243
Capital assets being depreciated	326,922,866
Less accumulated depreciation	(98,559,417)
Less GO bonds	(70,040,000)
Less bond premium	(1,222,496)
Unspent bond proceeds	2,630,189
Less Public Works Trust Fund loans	<u>(1,161,729)</u>

#### Governmental Net Assets, invested in

Capital Assets net of related debt	<u>\$ 256,113,656</u>
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,393,355	\$ 2,421,616	\$ -	\$ 9,814,971
Construction In Progress	12,230,046	13,323,111	(19,231,153)	6,322,004
Total Capital Assets, Not Being Depreciated	<u>19,623,401</u>	<u>15,744,727</u>	<u>(19,231,153)</u>	<u>16,136,975</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	26,811,349	7,994,166	-	34,805,515
Improvements Other Than Buildings	231,126,610	12,741,078	(126,067)	243,741,621
Machinery and Equipment	936,477	26,633	(253,250)	709,860
Total Capital Assets, Being Depreciated	<u>258,874,436</u>	<u>20,761,877</u>	<u>(379,317)</u>	<u>279,256,996</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	2,748,108	694,328	-	3,442,436
Improvements Other Than Buildings	41,261,770	4,792,523	(126,067)	45,928,226
Machinery and Equipment	604,859	70,467	(253,250)	422,076
Total Accumulated Depreciation	<u>44,614,737</u>	<u>5,557,318</u>	<u>(379,317)</u>	<u>49,792,738</u>
Total Capital Assets, Being Depreciated, Net	<u>214,259,699</u>	<u>15,204,559</u>	<u>-</u>	<u>229,464,258</u>
Business-Type Activities Capital Assets, Net	<u>\$ 233,883,100</u>	<u>\$ 30,949,286</u>	<u>\$ (19,231,153)</u>	<u>\$ 245,601,233</u>

**INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT**

Business-Type Activities

Capital assets not being depreciated	\$ 16,136,975
Capital assets being depreciated	279,256,996
Less accumulated depreciation	(49,792,738)
Less Revenue bonds	(11,190,000)
Less bond premium	(335,612)
Unspent bond proceeds	<u>196,447</u>

Business-Type Net Assets, invested in

Capital Assets net of related debt	<u>\$ 234,272,068</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,229,821
Security	2,524,212
Physical Environment	6,653
Transportation, Including Depreciation of General Infrastructure Assets	4,580,712
Economic Environment	433,295
Culture and Recreation	<u>1,028,733</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 9,803,426</u>
Business-Type Activities	
Water/Wastewater	\$ 3,352,870
UPD Water/Wastewater	1,141,442
Stormwater	<u>1,063,007</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 5,557,319</u>

The Business-Type Activities also had \$143,604 in amortization expense that is included with depreciation expense in the financial statements.

#### NOTE 9: Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

It may also be obtained by downloading it from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). 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

#### 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 defined benefit plan with a defined contribution component.

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

participating 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 Plan 1 and Plan 2 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.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is 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.

PERS 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, PERS 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 they may retire at age 55 with ten years of service. PERS Plan 3 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 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 1,192 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, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Nonvested	56,456
<b>Total</b>	<b>262,057</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 percent 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. 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. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.90%****	*****

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

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% 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 3.90% 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:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$ 82,158	\$ 1,478,106	\$ 429,341
2008	\$ 81,108	\$ 1,522,727	\$ 427,579
2007	\$ 77,085	\$ 1,103,783	\$ 285,675
2006	\$ 53,902	\$ 555,010	\$ 149,232

## 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 commissioned 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:

Term of Service	Percent of Final Average Salary
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 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Nonvested	3,927
Total	26,965

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, 2009, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

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

\*\* The employer rate for ports and universities is 8.99%.

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

	LEOFF Plan 1	LEOFF Plan 2
2009	\$ 756	\$ 1,285,519
2008	\$ 714	\$ 1,060,013
2007	\$ 1,073	\$ 1,037,995
2006	\$ 1,135	\$ 723,205

## 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.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Nonvested	3,981
Total	3,982

### 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, 2009, were as follows:

	PSERS Plan 2
Employer*	7.85%
Employee	6.55%

\* 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:

	PSERS Plan 2
2009	\$ 22,213
2008	\$ 21,482
2007	\$ 16,864

### 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 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. These on behalf tax revenues were recognized in the general fund and expensed out to the Firemen's Pension Fund. The actuary has determined that no City contribution is required. The fire insurance premium for 2009 was \$119,354 which was sufficient to pay the 2009 Firemen's Pension Fund expenses of \$13,874. It also increased the negative Net Pension Obligation to (\$674,447). 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, 2009, the most recent actuarial valuation date, is as follows:

(\$ In Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
January 1, 2008	\$ 590	\$ 413	\$ (177)	143%	\$ 0	N/A

The Schedule of Funding Progress entitled Required Supplementary Information, which follows the notes to the financial statements, presents multi-year 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
December 31, 2009	\$ 117	\$ (16)	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, 2007	\$ 4,912	2,172.80%	\$ (435,292)
December 31, 2008	\$ 6,308	1,931.39%	\$ (550,816)
December 31, 2009	\$ (7,027)	N/A	\$ (674,447)

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

Valuation date:	January 1, 2008
Actuarial cost method for GASB purposes:	Entry Age Normal
Amortization method:	30-Year, closed as of January 1, 2000
Remaining amortization period:	22 years
Asset valuation method:	Fair 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 12/31/07	Year Ending 12/31/08	Year Ending 12/31/09
1. Annual Normal Cost, beginning of year	\$ -	\$ -	\$ -
2. Amortization of UAL, beginning of year	566	(14,934)	(14,934)
3. Interest to end of year	40	(1,045)	(1,045)
4. Annual required contribution at end of year (1+2+3), not less than zero in 2008	606	-	(15,979)
5. Interest on net pension obligation	(23,343)	(30,470)	(38,557)
6. Adjustment to annual required contribution	(27,649)	(36,778)	(47,509)
7. Annual pension cost (4+5-6)	4,912	6,308	(7,027)
8. Employer Contributions	106,728	121,832	116,604
9. Change in net pension obligation (7-8)	(101,816)	(115,524)	(123,631)
10. Net pension obligation at beginning of year	(333,476)	(435,292)	(550,816)
11. Net pension obligation at end of year (9+10)	\$ (435,292)	\$ (550,816)	\$ (674,447)

## 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 742 permanent and 207 temporary participants with account balances at December 31, 2009.

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 2009 was \$53,707,017. Employee contributions were \$3,865,339. City contributions were \$3,286,866. The City's total payroll was \$53,912,554.

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 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, 2009. 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 \$1,482,651 is included as a noncurrent liability on the Statement of Net Assets.

	Fiscal Year Ending 12/31/2007	Fiscal Year Ending 12/31/2008	Fiscal Year Ending 12/31/2009
Determination of Annual Required Contribution:			
1-Annual Normal Cost (BOY)	\$ 67,300	\$ 67,300	\$ 25,966
2-Amortization of UAAL* (BOY)	555,157	555,157	545,784
3-Interest to EOY [1 + 2] x (i)*	34,235	34,235	25,729
4-Annual Required Contribution [1 + 2 + 3]	<u>656,692</u>	<u>656,692</u>	<u>597,479</u>
Determination of Net OPEB Obligation:			
4-Annual Required Contribution	656,692	656,692	597,479
5-Interest on Net OPEB Obligation	24,040	45,965	54,296
6-Adjustment to ARC	28,905	56,097	70,883
7-Annual OPEB Cost [4 + 5 -6]	<u>651,827</u>	<u>646,560</u>	<u>580,892</u>
8-Employer Contributions	253,186	275,723	304,811
9-Change in Net OPEB Obligation [7 - 8]	<u>398,641</u>	<u>370,837</u>	<u>276,081</u>
10-Net OPEB Obligation-BOY [11 from prior year]	437,092	835,733	1,206,570
Net OPEB Obligation-end of year [9 + 10]	<u>\$ 835,733</u>	<u>\$ 1,206,570</u>	<u>\$ 1,482,651</u>

\*Unfunded Actuarial Accrued Liability (UAAL)

\* (i) is the assumed interest rate that year: 5.5% in 2007, 5.5% in 2008, 4.5% in 2009

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2007	\$ 651,827	39.0%	\$ 835,733
12/31/2008	\$ 646,560	42.6%	\$ 1,206,570
12/31/2009	\$ 580,891	52.5%	\$ 1,482,651

As of January 1, 2009, 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 2009 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%
Dec. 31, 2009	\$ -	\$ 9,290,267	\$ 9,290,267	0%	\$ 442,308	2100.41%

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, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 4.50% 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 8.00%, graded to 6.50% over three years, was used along with a long-term care inflation rate of 5.00%.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2009 was 30 years.

### Note 11: Construction Commitments

At December 31, 2009 the City had significant contractual obligations on construction projects:

(In thousands)	
Street Projects	\$9,668
Fire Projects	50
Utilities Projects	22
ALS Projects	103
Total	<u>\$9,843</u>

## Note 12: Interfund Transfers

(In whole dollars)

Fund	Transfer In	Transfer Out
General Fund	\$ 20,893	\$ 9,836,264
Capital Improvements Program Fund	21,284,073	549,022
Other Governmental Funds	6,375,638	17,321,303
Internal Service Funds	25,985	-
<b>Total Transfers</b>	<b>\$ 27,706,589</b>	<b>\$ 27,706,589</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.

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.

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.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Redemptions to Date</u>	<u>Outstanding 12/31/2009</u>
2004 LTGO						
Lease-Revenue Bonds	4/1/2004	12/1/2035	2.0% - 5.25%	\$ 39,230,000	\$ 3,070,000	\$ 36,160,000
2008 GO/Refunding	9/4/2008	6/1/2013	3.50%	1,315,000	245,000	1,070,000
2008 LTGO Bonds	9/4/2008	12/1/2028	3.5% - 5.0%	<u>33,935,000</u>	<u>1,125,000</u>	<u>32,810,000</u>
Total General Obligation Bonds				<u>\$ 74,480,000</u>	<u>\$ 4,440,000</u>	<u>\$ 70,040,000</u>

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

<u>Governmental Activities</u>		
<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
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	2,645,000	2,853,806
2015-2019	15,230,000	14,119,343
2020-2024	15,565,000	14,244,518
2025-2029	15,925,000	12,848,275
2030-2034	8,160,000	1,735,250
2035	<u>1,885,000</u>	<u>94,250</u>
	<u>\$ 70,040,000</u>	<u>\$ 58,546,166</u>

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	\$ 1,070,000	\$ 32,810,000
Plus Unamortized Bond Premium	22,200	1,200,296
Bonds Outstanding, Net	<u>\$ 1,092,200</u>	<u>\$ 34,010,296</u>

## Revenue Bonds

Revenue Bonds are payable from revenues generated by the user fees. Revenue bonds for the City are 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 were issued 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 12/31/2009
2008 Water/ Wastewater Bonds	12/3/2008	12/1/2023	4.0% - 5.0%	\$ 11,755,000	\$ 565,000	\$ 11,190,000
Total Revenue Bonds				<u>\$ 11,755,000</u>	<u>\$ 565,000</u>	<u>\$ 11,190,000</u>

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

Business-type Activities		
Year Ending December 31,	Principal	Interest
2010	\$ 590,000	\$ 512,887
2011	615,000	489,288
2012	640,000	464,687
2013	665,000	439,088
2014	700,000	406,588
2015-2019	3,965,000	1,548,387
2020-2023	4,015,000	511,175
	<u>\$ 11,190,000</u>	<u>\$ 4,372,100</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	\$ 11,190,000
Plus Unamortized Bond Premium	335,612
Bonds Outstanding, Net	<u>\$ 11,525,612</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 \$31,667 in principal and \$19,096 in interest at the close of 2009. The fund balance in the LID Guaranty Fund stood at \$663,110.

## Bonds, Issuances, Redemptions and Balances Outstanding

LID	Issue Date	Maturity Date	Interest Rate	Original Amount Issued	Redemptions to Date	Bonds Outstanding 12/31/09
1998	3/1/1998	3/1/2010	4.0% - 5.0%	\$ 1,241,036	\$ 1,071,036	\$ 170,000
Total Special Assessment Bonds				\$ <u>1,241,036</u>	\$ <u>1,071,036</u>	\$ <u>170,000</u>

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

Governmental Activities		
Year Ending	Principal	Interest
December 31,		
2010	\$ 170,000	\$ 28,110
	\$ 170,000	\$ 28,110

## Public Works Trust Fund Loans

State of Washington Public Works Trust Fund Loans are a direct responsibility of the City. Redmond had five such loans in 2009 with two being paid in full. The remaining loans with an outstanding principal balance of \$1,161,728 are being repaid from General Fund revenues which are transferred to the Capital Improvements Program Fund where the loan payments are recorded. The water/wastewater loans are paid in full.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 333,611	\$ 22,063	\$ -	\$ -
2011	279,431	16,115	-	-
2012	202,457	10,710	-	-
2013	202,457	6,074	-	-
2014	71,886	1,438	-	-
2015	71,886	719	-	-
	\$ <u>1,161,728</u>	\$ <u>57,119</u>	\$ <u>-</u>	\$ <u>-</u>

## Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 72,454,999	\$ -	\$ (2,414,999)	\$ 70,040,000	\$ 2,500,000
Special assessment debt with government commitment	530,000	-	(360,000)	170,000	170,000
Less deferred amounts:					
For issuance (Discounts)/Premiums	1,292,432	-	(69,936)	1,222,496	-
Total bonds payable	74,277,431	-	(2,844,935)	71,432,496	2,670,000
PWTF loans	\$ 1,495,340	\$ -	\$ (333,611)	\$ 1,161,729	\$ 333,611
Other post-employment benefits payable	1,206,570	276,080	-	1,482,650	-
Compensated absences	3,309,029	3,239,064	(3,170,948)	3,377,145	2,701,716
Governmental activity long-term liabilities	\$ 80,288,370	\$ 3,515,144	\$ (6,349,494)	\$ 77,454,020	\$ 5,705,327
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 11,755,000	\$ -	\$ (565,000)	\$ 11,190,000	\$ 590,000
Plus Deferred Amounts:					
For issuance premiums	359,727	-	(24,115)	335,612	-
Total Bonds Payable	12,114,727	-	(589,115)	11,525,612	590,000
PWTF loans	\$ 85,356	\$ -	\$ (85,356)	\$ -	\$ -
Compensated absences	478,100	490,561	(473,820)	494,841	395,873
Business-type activity long-term liabilities	\$ 12,678,183	\$ 490,561	\$ (1,148,291)	\$ 12,020,453	\$ 985,873

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. 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

**Operating Leases:**

Copier Leases

Operating lease obligations are primarily for rental of copy machines. Total expenditures for leases were \$31,375 for the year ended December 31, 2009. The future minimum lease payments include the estimated cost for copy usage and are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2010	\$ 27,002
2011	27,002
2012	27,002
2013	27,002
2014	<u>27,002</u>
Total	<u>\$ 135,010</u>

**Capital 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.

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

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 of Redmond'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 \$1,018,484 with a net book value of \$1,060,055. The City reimbursed the City of Bellevue \$14,767 for its share of operating costs in 2009.

### **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. The City of Redmond's dues for 2009 were \$229,419. The City of Redmond also paid the Alliance \$1,369,140 in 2009 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, 2009, 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. There were no claims that settled in 2009 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. As an associate member, the City can access the insurance coverages of the pool without being responsible for any financial shortfalls should the pool experience financial difficulties. 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 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 2009 and 2008, and one claim in 2007. 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 historical and market trend rates.

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 2009, 2008, or 2007 exceeded the City's self insurance coverage. Claims handling is currently contracted to an independent, qualified third party administrator (TPA).

As of December 31, 2009, the City had reserves of \$1,292,676 in the Insurance Fund, \$4,610,870 in the Medical Self-Insurance Fund, and \$649,715 in the Workman's Compensation Fund to provide against risk of future loss. Claims liabilities of \$956,100 have been reported in the Medical Self-Insurance Fund and \$67,768 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. 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.

Changes in the self-insurance funds' claims liabilities in 2008 and 2009 were:

	Beginning of Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	End of Year Liability
<b>Insurance Fund</b>				
2008	\$ -	\$ 172,227	\$ 172,227	\$ -
2009	\$ -	\$ 135,463	\$ 135,463	\$ -
<b>Medical Insurance Fund</b>				
2008	\$ 831,300	\$ 3,904,248	\$ 5,486,548	\$ 751,000
2009	\$ 751,000	\$ 3,933,126	\$ 5,640,226	\$ 956,100
<b>Workman's Compensation Fund</b>				
2008	\$ 80,665	\$ 273,102	\$ 470,491	\$ 116,724
2009	\$ 116,724	\$ 254,449	\$ 438,941	\$ 67,768

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

	Coverage	Self-Insured Retention
Blanket building and personal property	\$ 50,000,000	\$100,000 except earthquake at 5% of values at risk subject to a \$100,000 minimum per location
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 Worker's 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 2009 the City was involved in purchasing rights to the Burlington Northern railroad. There were several agencies involved in this transaction with the lead agency being the Port of Seattle. This land will be used for road extensions and to expand walking and biking trails.

In early March, 2010, the City annexed an area known as NE Rose Hill. The annexation increased the City's total acreage by 115.5 acres, and it added 155 residents to the City. This annexation was a long and arduous process, which started eight years ago. The amount of property was modified over the period of time through meetings with property owners. The discussions regarding the area that was included in this annexation started in December 2008.

Late December of 2009, Verizon submitted a request for repayment of an overpayment on utility taxes paid. Verizon contends that they remitted taxes to the City for utility revenue that was not subject to this tax. The City is only one of eighteen entities that received this request, and they are all working together to seek resolution. The refund request for the City of Redmond totaled \$585,635.

Required Supplementary Information  
 Firemen's Pension Plan  
 Schedule of Funding Progress  
 (rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
January 1, 2000	\$ -	\$ 374	\$ 374	0%	\$ -	N/A
January 1, 2002	\$ 89	\$ 277	\$ 188	32%	\$ -	N/A
January 1, 2004	\$ 205	\$ 347	\$ 142	59%	\$ -	N/A
January 1, 2006	\$ 356	\$ 363	\$ 7	98%	\$ -	N/A
January 1, 2008	\$ 590	\$ 413	\$ (177)	143%	\$ -	N/A

Required Supplementary Information  
LEOFF 1 Retiree Medical Benefits  
Schedule of Funding Progress

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%
Dec. 31, 2009	\$ -	\$ 9,290,267	\$ 9,290,267	0%	\$ 442,308	2100.41%

## 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 Development Review 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.

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. 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.

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Recreation Activities	Arts Activity	Parks Maintenance and Operation
<b>Assets</b>			
Cash and cash equivalents	\$ 117,257	\$ 62,807	\$ 198,320
Cash with outside agency	-	-	-
Investments	424,020	235,375	747,107
Receivables:			
Taxes	-	-	11,898
Accounts	-	-	-
Interest	1,842	885	3,250
Special assessments	-	-	-
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	-	-	-
Total Assets	<u>\$ 543,119</u>	<u>\$ 299,067</u>	<u>\$ 960,575</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 9,277	\$ 11,440	\$ 24,475
Employee wages payable	2,559	161	2,096
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	-	11,897
Total Liabilities	<u>11,836</u>	<u>11,601</u>	<u>38,468</u>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	531,283	287,466	922,107
Total Fund Balances	<u>531,283</u>	<u>287,466</u>	<u>922,107</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 543,119</u>	<u>\$ 299,067</u>	<u>\$ 960,575</u>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Community Events	Development Review	Cable Access
<b>Assets</b>			
Cash and cash equivalents	\$ 108,584	\$ 761,267	\$ 265,626
Cash with outside agency	-	-	-
Investments	-	-	1,013,507
Receivables:			
Taxes	-	-	-
Accounts	-	-	46,854
Interest	-	-	4,376
Special assessments	-	-	-
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	-	-	-
<b>Total Assets</b>	<b>\$ 108,584</b>	<b>\$ 761,267</b>	<b>\$ 1,330,363</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 6,681	\$ -	\$ -
Employee wages payable	620	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	-	-
<b>Total Liabilities</b>	<b>7,301</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	101,283	761,267	1,330,363
<b>Total Fund Balances</b>	<b>101,283</b>	<b>761,267</b>	<b>1,330,363</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 108,584</b>	<b>\$ 761,267</b>	<b>\$ 1,330,363</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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	<b>Special Revenue Funds</b>		
	Operating Grants	Human Services Grants	Operating Reserves
<b>Assets</b>			
Cash and cash equivalents	\$ 1,236,755	\$ 196,323	\$ 1,270,028
Cash with outside agency	-	-	-
Investments	1,935,765	-	5,239,261
Receivables:			
Taxes	-	-	-
Accounts	-	-	-
Interest	11,230	-	-
Special assessments	-	-	-
Due from other funds	-	-	899,680
Prepaid Insurance	-	-	16,168
Restricted assets:			
Deposit cash	-	-	-
<b>Total Assets</b>	<b>\$ 3,183,750</b>	<b>\$ 196,323</b>	<b>\$ 7,425,137</b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 43,978	\$ 83,130	\$ 1,513
Employee wages payable	(2,044)	-	-
Due to other funds	-	-	-
Due to other governments	-	73,497	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	-	-
<b>Total Liabilities</b>	<b>41,934</b>	<b>156,627</b>	<b>1,513</b>
 <b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	3,141,816	39,696	7,423,624
<b>Total Fund Balances</b>	<b>3,141,816</b>	<b>39,696</b>	<b>7,423,624</b>
 <b>Total Liabilities and Fund Balances</b>	<b>\$ 3,183,750</b>	<b>\$ 196,323</b>	<b>\$ 7,425,137</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Fire Levy	Police Levy	Parks Levy
<b>Assets</b>			
Cash and cash equivalents	\$ 338,916	\$ 394,422	\$ 47,271
Cash with outside agency	-	-	-
Investments	1,306,602	1,520,590	182,242
Receivables:			
Taxes	18,492	17,901	2,753
Accounts	-	-	-
Interest	5,906	6,809	663
Special assessments	-	-	-
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	-	-	-
<b>Total Assets</b>	<b>\$ 1,669,916</b>	<b>\$ 1,939,722</b>	<b>\$ 232,929</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 160
Employee wages payable	6,129	4,627	622
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	18,492	17,900	2,753
<b>Total Liabilities</b>	<b>24,621</b>	<b>22,527</b>	<b>3,535</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	1,645,295	1,917,195	229,394
<b>Total Fund Balances</b>	<b>1,645,295</b>	<b>1,917,195</b>	<b>229,394</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,669,916</b>	<b>\$ 1,939,722</b>	<b>\$ 232,929</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Capital Equipment	Fire Equipment	Real Estate Excise Tax
<b>Assets</b>			
Cash and cash equivalents	\$ 840,066	\$ 939,601	\$ 61,657
Cash with outside agency	-	-	-
Investments	3,146,939	2,777,127	222,288
Receivables:			
Taxes	-	-	315,066
Accounts	-	864	-
Interest	13,959	12,298	-
Special assessments	-	-	-
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	-	-	-
<b>Total Assets</b>	<b>\$ 4,000,964</b>	<b>\$ 3,729,890</b>	<b>\$ 599,011</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 110,386	\$ 287	\$ -
Employee wages payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	-	-
<b>Total Liabilities</b>	<b>110,386</b>	<b>287</b>	<b>-</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	3,890,578	3,729,603	599,011
<b>Total Fund Balances</b>	<b>3,890,578</b>	<b>3,729,603</b>	<b>599,011</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,000,964</b>	<b>\$ 3,729,890</b>	<b>\$ 599,011</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Felony Seizure	Emergency Dispatch	Business License Surcharge
<b>Assets</b>			
Cash and cash equivalents	\$ 122,606	\$ 2,915	\$ 773,669
Cash with outside agency	10,000	-	-
Investments	-	6,778	3,020,253
Receivables:			
Taxes	-	-	-
Accounts	-	-	-
Interest	-	-	13,389
Special assessments	-	-	-
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	5,669	-	-
<b>Total Assets</b>	<b>\$ 138,275</b>	<b>\$ 9,693</b>	<b>\$ 3,807,311</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 69	\$ -	\$ -
Employee wages payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	5,669	-	-
Unearned revenues	-	-	-
<b>Total Liabilities</b>	<b>5,738</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	-	-
Unreserved	132,537	9,693	3,807,311
<b>Total Fund Balances</b>	<b>132,537</b>	<b>9,693</b>	<b>3,807,311</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,275</b>	<b>\$ 9,693</b>	<b>\$ 3,807,311</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Special Revenue Funds**

	Tourism	Solid Waste Recycling	Advanced Life Support Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 67,555	\$ 77,970	\$ -	\$ 7,883,615
Cash with outside agency	-	-	-	10,000
Investments	246,711	278,177	-	22,302,742
Receivables:				
Taxes	-	-	-	366,110
Accounts	-	119,579	1,585,541	1,752,838
Interest	932	1,285	-	76,824
Special assessments	-	-	-	-
Due from other funds	-	-	-	899,680
Prepaid Insurance	-	-	-	16,168
Restricted assets:				
Deposit cash	-	-	-	5,669
<b>Total Assets</b>	<b>\$ 315,198</b>	<b>\$ 477,011</b>	<b>\$ 1,585,541</b>	<b>\$ 33,313,646</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 26,175	\$ 2,220	\$ 18,835	\$ 338,626
Employee wages payable	17	1,062	15,202	31,051
Due to other funds	-	-	899,680	899,680
Due to other governments	-	-	-	73,497
Payable from restricted assets:				
Deposits payable	-	-	-	5,669
Unearned revenues	-	-	-	51,042
<b>Total Liabilities</b>	<b>26,192</b>	<b>3,282</b>	<b>933,717</b>	<b>1,399,565</b>
<b>Fund balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved	289,006	473,729	651,824	31,914,081
<b>Total Fund Balances</b>	<b>289,006</b>	<b>473,729</b>	<b>651,824</b>	<b>31,914,081</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 315,198</b>	<b>\$ 477,011</b>	<b>\$ 1,585,541</b>	<b>\$ 33,313,646</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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**Debt Service Funds**

	Regular Levy	Special Levy	L.I.D. Control
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 274,207	\$ 256,548
Cash with outside agency	-	-	-
Investments	-	-	-
Receivables:			
Taxes	-	5,183	-
Accounts	-	-	-
Interest	-	-	19,096
Special assessments	-	-	31,667
Due from other funds	-	-	-
Prepaid Insurance	-	-	-
Restricted assets:			
Deposit cash	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 279,390</b>	<b>\$ 307,311</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 607	\$ -
Employee wages payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	5,183	-
<b>Total Liabilities</b>	<b>-</b>	<b>5,790</b>	<b>-</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	-	273,600	307,311
Unreserved	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>273,600</b>	<b>307,311</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 279,390</b>	<b>\$ 307,311</b>

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2009

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	Debt Service Funds		Total Nonmajor Governmental Funds
	L.I.D. Guaranty	Total	
<b>Assets</b>			
Cash and cash equivalents	\$ 150,388	\$ 681,143	\$ 8,564,758
Cash with outside agency	-	-	10,000
Investments	510,605	510,605	22,813,347
Receivables:			
Taxes	-	5,183	371,293
Accounts	-	-	1,752,838
Interest	2,117	21,213	98,037
Special assessments	-	31,667	31,667
Due from other funds	-	-	899,680
Prepaid Insurance	-	-	16,168
Restricted assets:			
Deposit cash	-	-	5,669
<b>Total Assets</b>	<b>\$ 663,110</b>	<b>\$ 1,249,811</b>	<b>\$ 34,563,458</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 607	\$ 339,233
Employee wages payable	-	-	31,051
Due to other funds	-	-	899,680
Due to other governments	-	-	73,497
Payable from restricted assets:			
Deposits payable	-	-	5,669
Unearned revenues	-	5,183	56,225
<b>Total Liabilities</b>	<b>-</b>	<b>5,790</b>	<b>1,405,355</b>
<b>Fund balances</b>			
Reserved for:			
Debt service	663,110	1,244,021	1,244,021
Unreserved	-	-	31,914,081
<b>Total Fund Balances</b>	<b>663,110</b>	<b>1,244,021</b>	<b>33,158,102</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 663,110</b>	<b>\$ 1,249,811</b>	<b>\$ 34,563,457</b>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances  
Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Recreation Activities</b>	<b>Arts Activity</b>	<b>Park Maintenance and Operation</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 1,015,945
Special assessments	-	-	-
Licenses and permits	-	-	-
Contributions	2,745	2,500	100
Intergovernmental	-	22,000	140,000
Charges for services	1,729,320	-	187,922
Fines and forfeitures	-	-	-
Investment income	16,915	3,404	11,677
Miscellaneous	136,521	-	53,975
Total Revenues	<u>1,885,501</u>	<u>27,904</u>	<u>1,409,619</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Security of persons and property	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	1,801,901	143,015	1,281,327
Capital outlay	-	18,384	13,222
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>1,801,901</u>	<u>161,399</u>	<u>1,294,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,600</u>	<u>(133,495)</u>	<u>115,070</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	200
Transfers in	-	189,324	234,773
Transfers out	(251,677)	-	-
Total other financing sources (uses)	<u>(251,677)</u>	<u>189,324</u>	<u>234,973</u>
Net change in fund balances	<u>(168,077)</u>	<u>55,829</u>	<u>350,043</u>
Fund balances-beginning	699,360	231,637	572,064
Fund balances-ending	<u>\$ 531,283</u>	<u>\$ 287,466</u>	<u>\$ 922,107</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Community Events</b>	<b>Development Review</b>	<b>Cable Access</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	502,860	-
Contributions	53,043	-	204,472
Intergovernmental	-	-	-
Charges for services	13,738	-	24
Fines and forfeitures	-	-	-
Investment income	-	-	23,333
Miscellaneous	26,573	-	-
Total Revenues	<u>93,354</u>	<u>502,860</u>	<u>227,829</u>
<b>Expenditures</b>			
Current			
General government	-	149,854	-
Security of persons and property	214	541,029	-
Physical environment	-	87,616	-
Transportation	-	-	-
Economic environment	-	25,717	131,369
Culture and recreation	297,698	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>297,912</u>	<u>804,216</u>	<u>131,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,558)</u>	<u>(301,356)</u>	<u>96,460</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	-
Transfers in	285,655	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>285,655</u>	<u>-</u>	<u>-</u>
Net change in fund balances	81,097	(301,356)	96,460
Fund balances-beginning	20,186	1,062,623	1,233,903
Fund balances-ending	<u>\$ 101,283</u>	<u>\$ 761,267</u>	<u>\$ 1,330,363</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Operating Grants</b>	<b>Human Services Grants</b>	<b>Operating Reserve</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Contributions	-	1,593	-
Intergovernmental	467,578	-	454,814
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	71,843	-	-
Miscellaneous	-	-	-
Total Revenues	<u>539,421</u>	<u>1,593</u>	<u>454,814</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Security of persons and property	-	-	34,769
Physical environment	-	-	-
Transportation	1,155,857	-	-
Economic environment	-	672,471	-
Culture and recreation	-	-	-
Capital outlay	29,921	-	-
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>1,185,778</u>	<u>672,471</u>	<u>34,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(646,357)</u>	<u>(670,878)</u>	<u>420,045</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	-
Transfers in	260,000	647,420	458,019
Transfers out	-	-	-
Total other financing sources (uses)	<u>260,000</u>	<u>647,420</u>	<u>458,019</u>
Net change in fund balances	<u>(386,357)</u>	<u>(23,458)</u>	<u>878,064</u>
Fund balances-beginning	3,528,173	63,154	6,545,560
Fund balances-ending	<u>\$ 3,141,816</u>	<u>\$ 39,696</u>	<u>\$ 7,423,624</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Fire Levy</b>	<b>Police Levy</b>	<b>Parks Levy</b>
<b>Revenues</b>			
Taxes	\$ 2,284,200	\$ 2,194,540	\$ 320,321
Special assessments	-	-	-
Licenses and permits	-	-	-
Contributions	-	-	-
Intergovernmental	4,200	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	26,649	29,145	1,717
Miscellaneous	-	-	-
Total Revenues	<u>2,315,049</u>	<u>2,223,685</u>	<u>322,038</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Security of persons and property	1,797,005	1,406,728	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	1,747
Culture and recreation	-	-	218,303
Capital outlay	-	65,191	-
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>1,797,005</u>	<u>1,471,919</u>	<u>220,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>518,044</u>	<u>751,766</u>	<u>101,988</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	518,044	751,766	101,988
Fund balances-beginning	1,127,251	1,165,429	127,406
Fund balances-ending	<u>\$ 1,645,295</u>	<u>\$ 1,917,195</u>	<u>\$ 229,394</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

## Nonmajor Government Funds

For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Capital Equipment</b>	<b>Fire Equipment</b>	<b>Real Estate Excise Tax</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 2,170,003
Special assessments	-	-	-
Licenses and permits	-	-	-
Contributions	-	61,858	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	78,181	56,768	140,640
Miscellaneous	-	38,898	-
Total Revenues	<u>78,181</u>	<u>157,524</u>	<u>2,310,643</u>
<b>Expenditures</b>			
Current			
General government	316,946	-	-
Security of persons and property	406,757	4,267	-
Physical environment	4,445	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	79,934	-	-
Capital outlay	27,118	-	-
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>835,200</u>	<u>4,267</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(757,019)</u>	<u>153,257</u>	<u>2,310,643</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	24,150	-
Insurance Proceeds	-	-	-
Transfers in	939,747	711,000	-
Transfers out	-	-	(11,257,397)
Total other financing sources (uses)	<u>939,747</u>	<u>735,150</u>	<u>(11,257,397)</u>
Net change in fund balances	<u>182,728</u>	<u>888,407</u>	<u>(8,946,754)</u>
Fund balances-beginning	3,707,850	2,841,196	9,545,765
Fund balances-ending	<u>\$ 3,890,578</u>	<u>\$ 3,729,603</u>	<u>\$ 599,011</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<b>Special Revenue Funds</b>		
	<b>Felony Seizure</b>	<b>Emergency Dispatch</b>	<b>Business License Surcharge</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 4,468,547
Special assessments	-	-	-
Licenses and permits	-	-	-
Contributions	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	2,000	-	-
Investment income	-	-	194,625
Miscellaneous	-	-	-
Total Revenues	<u>2,000</u>	<u>-</u>	<u>4,663,172</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Security of persons and property	5,888	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and Debt Issuance Costs	-	-	-
Total Expenditures	<u>5,888</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,888)</u>	<u>-</u>	<u>4,663,172</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(5,699,574)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,699,574)</u>
Net change in fund balances	<u>(3,888)</u>	<u>-</u>	<u>(1,036,402)</u>
Fund balances-beginning	136,425	9,693	4,843,713
Fund balances-ending	<u>\$ 132,537</u>	<u>\$ 9,693</u>	<u>\$ 3,807,311</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances  
Nonmajor Government Funds  
For the Year Ended December 31, 2009

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Tourism</b>	<b>Solid Waste Recycling</b>	<b>Advanced Life Support Fund</b>	
<b>Revenues</b>				
Taxes	\$ 220,250	\$ -	\$ -	\$ 12,673,806
Special assessments	-	-	-	-
Licenses and permits	-	-	-	502,860
Contributions	-	-	-	326,311
Intergovernmental	-	119,683	6,003,712	7,211,987
Charges for services	-	388,155	-	2,319,159
Fines and forfeitures	-	-	-	2,000
Investment income	7,674	9,548	-	672,119
Miscellaneous	-	204	-	256,171
<b>Total Revenues</b>	<b>227,924</b>	<b>517,590</b>	<b>6,003,712</b>	<b>23,964,413</b>
<b>Expenditures</b>				
Current				
General government	-	-	-	466,800
Security of persons and property	-	-	5,194,687	9,391,344
Physical environment	-	643,142	-	735,203
Transportation	-	-	-	1,155,857
Economic environment	258,485	-	-	1,089,789
Culture and recreation	-	-	-	3,822,178
Capital outlay	-	-	251,826	405,662
Debt service:				
Principal	-	-	-	-
Interest and Debt Issuance Costs	-	-	15,876	15,876
<b>Total Expenditures</b>	<b>258,485</b>	<b>643,142</b>	<b>5,462,389</b>	<b>17,082,709</b>
Excess (deficiency) of revenues over (under) expenditures	(30,561)	(125,552)	541,323	6,881,704
<b>Other Financing Sources (Uses)</b>				
Disposition of capital assets	-	-	-	24,150
Insurance Proceeds	-	-	-	200
Transfers in	-	-	-	3,725,938
Transfers out	(112,655)	-	-	(17,321,303)
<b>Total other financing sources (uses)</b>	<b>(112,655)</b>	<b>-</b>	<b>-</b>	<b>(13,571,015)</b>
<b>Net change in fund balances</b>	<b>(143,216)</b>	<b>(125,552)</b>	<b>541,323</b>	<b>(6,689,311)</b>
Fund balances-beginning	432,222	599,281	110,501	38,603,392
<b>Fund balances-ending</b>	<b>\$ 289,006</b>	<b>\$ 473,729</b>	<b>\$ 651,824</b>	<b>\$ 31,914,081</b>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

## Nonmajor Government Funds

For the Year Ended December 31, 2009

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	<b>Debt Service Funds</b>		
	<b>Regular Levy</b>	<b>Special Levy</b>	<b>L.I.D. Control</b>
<b>Revenues</b>			
Taxes	\$ -	\$ 287,810	\$ -
Special assessments	-	-	87,754
Licenses and permits	-	-	-
Contributions	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	-	5,175
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>287,810</u>	<u>92,929</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Security of persons and property	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,125,000	245,000	360,000
Interest and Debt Issuance Costs	1,524,700	42,743	25,796
Total Expenditures	<u>2,649,700</u>	<u>287,743</u>	<u>385,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,649,700)</u>	<u>67</u>	<u>(292,867)</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	-
Insurance Proceeds	-	-	-
Transfers in	2,649,700	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,649,700</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	67	(292,867)
Fund balances-beginning	-	273,533	600,178
Fund balances-ending	<u>\$ -</u>	<u>\$ 273,600</u>	<u>\$ 307,311</u>

Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances

Nonmajor Government Funds  
For the Year Ended December 31, 2009

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	<u>Debt Service Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<u>L.I.D. Guaranty</u>	<u>Total</u>	
<b>Revenues</b>			
Taxes	\$ -	\$ 287,810	\$ 12,961,616
Special assessments	-	87,754	87,754
Licenses and permits	-	-	502,860
Contributions	-	-	326,311
Intergovernmental	-	-	7,211,987
Charges for services	-	-	2,319,159
Fines and forfeitures	-	-	2,000
Investment income	11,012	16,187	688,306
Miscellaneous	-	-	256,171
Total Revenues	<u>11,012</u>	<u>391,751</u>	<u>24,356,164</u>
<b>Expenditures</b>			
Current			
General government	-	-	466,800
Security of persons and property	-	-	9,391,344
Physical environment	-	-	735,203
Transportation	-	-	1,155,857
Economic environment	-	-	1,089,789
Culture and recreation	-	-	3,822,178
Capital outlay	-	-	405,662
Debt service:			
Principal	-	1,730,000	1,730,000
Interest and Debt Issuance Costs	-	1,593,239	1,609,115
Total Expenditures	<u>-</u>	<u>3,323,239</u>	<u>20,405,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,012</u>	<u>(2,931,488)</u>	<u>3,950,216</u>
<b>Other Financing Sources (Uses)</b>			
Disposition of capital assets	-	-	24,150
Insurance Proceeds	-	-	200
Transfers in	-	2,649,700	6,375,638
Transfers out	-	-	(17,321,303)
Total other financing sources (uses)	<u>-</u>	<u>2,649,700</u>	<u>(10,921,315)</u>
Net change in fund balances	11,012	(281,788)	(6,971,099)
Fund balances-beginning	652,098	1,525,809	40,129,201
Fund balances-ending	<u>\$ 663,110</u>	<u>\$ 1,244,021</u>	<u>\$ 33,158,102</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Recreation Activities Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 3,595,303	\$ 3,595,303	\$ 1,729,320	\$ (1,865,983)
Contributions	-	-	2,745	2,745
Investment income	-	-	16,915	16,915
Miscellaneous	338,726	338,726	136,521	(202,205)
Total Revenues	<u>3,934,029</u>	<u>3,934,029</u>	<u>1,885,501</u>	<u>(2,048,528)</u>
<b>Expenditures</b>				
Culture and recreation	4,412,213	4,412,213	1,801,901	2,610,312
Total Expenditures	<u>4,412,213</u>	<u>4,412,213</u>	<u>1,801,901</u>	<u>2,610,312</u>
Excess (deficiency) of revenues over (under) expenditures	(478,184)	(478,184)	83,600	561,784
<b>Other Financing Sources (Uses)</b>				
Transfers out	(42,413)	(42,413)	(251,677)	(209,264)
Total other financing sources (uses)	<u>(42,413)</u>	<u>(42,413)</u>	<u>(251,677)</u>	<u>(209,264)</u>
Net change in fund balance	(520,597)	(520,597)	(168,077)	352,520
Fund balance-beginning	578,939	699,360	699,360	-
Fund balance-ending	<u>\$ 58,342</u>	<u>\$ 178,763</u>	<u>\$ 531,283</u>	<u>\$ 352,520</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Arts Activity Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 22,000	\$ (28,000)
Charges for services	9,409	9,409	-	(9,409)
Contributions	-	-	2,500	2,500
Investment income	-	-	3,404	3,404
Miscellaneous	100,000	100,000	-	(100,000)
Total Revenues	<u>159,409</u>	<u>159,409</u>	<u>27,904</u>	<u>(131,505)</u>
<b>Expenditures</b>				
Culture and recreation	477,170	539,170	143,015	396,155
Capital outlay	137,414	137,414	18,384	119,030
Total Expenditures	<u>614,584</u>	<u>676,584</u>	<u>161,399</u>	<u>515,185</u>
Excess (deficiency) of revenues over (under) expenditures	(455,175)	(517,175)	(133,495)	383,680
<b>Other Financing Sources (Uses)</b>				
Transfers in	236,694	298,694	189,324	(109,370)
Total other financing sources (uses)	<u>236,694</u>	<u>298,694</u>	<u>189,324</u>	<u>(109,370)</u>
Net change in fund balance	(218,481)	(218,481)	55,829	274,310
Fund balance-beginning	221,324	231,638	231,637	(1)
Fund balance-ending	<u>\$ 2,843</u>	<u>\$ 13,157</u>	<u>\$ 287,466</u>	<u>\$ 274,309</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual  
Parks Maintenance and Operations Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,074,289	\$ 2,074,289	\$ 1,015,945	\$ (1,058,344)
Intergovernmental	41,818	161,818	140,000	(21,818)
Charges for services	104,545	104,545	187,922	83,377
Contributions	-	-	100	100
Investment income	-	-	11,677	11,677
Miscellaneous	39,449	48,719	53,975	5,256
Total Revenues	<u>2,260,101</u>	<u>2,389,371</u>	<u>1,409,619</u>	<u>(979,752)</u>
<b>Expenditures</b>				
Culture and recreation	2,267,213	2,396,483	1,281,327	1,115,156
Capital Outlay	-	-	13,222	(13,222)
Total Expenditures	<u>2,267,213</u>	<u>2,396,483</u>	<u>1,294,549</u>	<u>1,101,934</u>
Excess (deficiency) of revenues over (under) expenditures	(7,112)	(7,112)	115,070	122,182
<b>Other Financing Sources (Uses)</b>				
Insurance Proceeds	-	-	200	200
Transfers in	-	-	234,773	234,773
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>234,973</u>	<u>234,973</u>
Net change in fund balance	(7,112)	(7,112)	350,043	357,155
Fund balance-beginning	283,608	572,064	572,064	-
Fund balance-ending	<u>\$ 276,496</u>	<u>\$ 564,952</u>	<u>\$ 922,107</u>	<u>\$ 357,155</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Community Events Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 20,000	\$ 20,000	\$ 13,738	\$ (6,262)
Contributions	250,000	250,000	53,043	(196,957)
Miscellaneous	-	-	26,573	26,573
Total Revenues	<u>270,000</u>	<u>270,000</u>	<u>93,354</u>	<u>(176,646)</u>
<b>Expenditures</b>				
Security of Persons and Property	-	-	214	(214)
Culture and recreation	636,157	641,157	297,698	343,459
Total Expenditures	<u>636,157</u>	<u>641,157</u>	<u>297,912</u>	<u>343,245</u>
Excess (deficiency) of revenues over (under) expenditures	(366,157)	(371,157)	(204,558)	166,599
<b>Other Financing Sources (Uses)</b>				
Transfers in	560,000	565,000	285,655	(279,345)
Total other financing sources (uses)	<u>560,000</u>	<u>565,000</u>	<u>285,655</u>	<u>(279,345)</u>
Net change in fund balance	193,843	193,843	81,097	(112,746)
Fund balance-beginning	42,671	20,186	20,186	-
Fund balance-ending	<u>\$ 236,514</u>	<u>\$ 214,029</u>	<u>\$ 101,283</u>	<u>\$ (112,746)</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Development Review Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Licenses and permits	\$ 2,559,771	\$ 2,559,771	\$ 502,860	\$ (2,056,911)
Charges for services	-	-	-	-
Total Revenues	<u>2,559,771</u>	<u>2,559,771</u>	<u>502,860</u>	<u>(2,056,911)</u>
<b>Expenditures</b>				
General government	1,072,995	1,072,995	149,854	923,141
Security of persons and property	2,334,844	2,322,841	541,029	1,781,812
Physical environment	325,633	310,950	87,616	223,334
Economic development	161,091	161,091	25,717	135,374
Total Expenditures	<u>3,894,563</u>	<u>3,867,877</u>	<u>804,216</u>	<u>3,063,661</u>
Excess (deficiency) of revenues over (under) expenditures	(1,334,792)	(1,308,106)	(301,356)	1,006,750
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,334,792)	(1,308,106)	(301,356)	1,006,750
Fund balance-beginning	1,438,525	1,438,525	1,062,623	(375,902)
Fund balance-ending	<u>\$ 103,733</u>	<u>\$ 130,419</u>	<u>\$ 761,267</u>	<u>\$ 630,848</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Cable Access Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 24	\$ 24
Contributions	580,798	580,798	204,472	(376,326)
Investment interest	-	-	23,333	23,333
Total Revenues	<u>580,798</u>	<u>580,798</u>	<u>227,829</u>	<u>(352,969)</u>
<b>Expenditures</b>				
Economic development	340,674	340,674	131,369	209,305
Capital outlay	70,000	70,000	-	70,000
Total Expenditures	<u>410,674</u>	<u>410,674</u>	<u>131,369</u>	<u>279,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>170,124</u>	<u>170,124</u>	<u>96,460</u>	<u>(73,664)</u>
Net change in fund balance	170,124	170,124	96,460	(73,664)
Fund balance-beginning	1,046,088	1,233,404	1,233,903	499
Fund balance-ending	<u>\$ 1,216,212</u>	<u>\$ 1,403,528</u>	<u>\$ 1,330,363</u>	<u>\$ (73,165)</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Operating Grants Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 220,000	\$ 567,532	\$ 467,578	\$ (99,954)
Charges for services	-	92,000	-	(92,000)
Investment income	150,000	150,000	71,843	(78,157)
Total Revenues	<u>370,000</u>	<u>809,532</u>	<u>539,421</u>	<u>(270,111)</u>
<b>Expenditures</b>				
Transportation	4,370,408	5,079,360	1,155,857	3,923,503
Capital outlay	-	-	29,921	(29,921)
Total Expenditures	<u>4,370,408</u>	<u>5,079,360</u>	<u>1,185,778</u>	<u>3,893,582</u>
Excess (deficiency) of revenues over (under) expenditures	(4,000,408)	(4,269,828)	(646,357)	3,623,471
<b>Other Financing Sources (Uses)</b>				
Transfers in	520,000	741,655	260,000	(481,655)
Total other financing sources (uses)	<u>520,000</u>	<u>741,655</u>	<u>260,000</u>	<u>(481,655)</u>
Net change in fund balance	(3,480,408)	(3,528,173)	(386,357)	3,141,816
Fund balance-beginning	3,480,408	3,528,173	3,528,173	-
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,141,816</u>	<u>\$ 3,141,816</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Human Services Grants Special Revenue Fund

For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Contributions	\$ -	\$ 1,592	\$ 1,593	\$ 1
Total Revenues	-	1,592	1,593	1
<b>Expenditures</b>				
Economic development	1,327,645	1,376,133	672,471	703,662
Total Expenditures	1,327,645	1,376,133	672,471	703,662
Excess (deficiency) of revenues over (under) expenditures	(1,327,645)	(1,374,541)	(670,878)	703,663
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,320,323	1,320,323	647,420	(672,903)
Total other financing sources (uses)	1,320,323	1,320,323	647,420	(672,903)
Net change in fund balance	(7,322)	(54,218)	(23,458)	30,760
Fund balance-beginning	11,258	63,154	63,154	-
Fund balance-ending	\$ 3,936	\$ 8,936	\$ 39,696	\$ 30,760

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Operating Reserve Special Revenue Fund

For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 454,814	\$ 454,814
Total Revenues	-	-	454,814	454,814
<b>Expenditures</b>				
Security of persons and property	-	78,000	34,769	43,231
Total expenditures	-	78,000	34,769	43,231
Excess (deficiency) of revenues over (under) expenditures	-	(78,000)	420,045	498,045
<b>Other Financing Sources (Uses)</b>				
Transfers in	964,905	930,256	458,019	(472,237)
Total other financing sources (uses)	964,905	930,256	458,019	(472,237)
Net change in fund balance	964,905	852,256	878,064	25,808
Fund balance-beginning	6,584,952	6,619,601	6,545,560	(74,041)
Fund balance-ending	\$ 7,549,857	\$ 7,471,857	\$ 7,423,624	\$ (48,233)

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Fire Levy Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,640,397	\$ 4,640,397	\$ 2,284,200	\$ (2,356,197)
Intergovernmental	-	-	4,200	4,200
Investment income	-	-	26,649	26,649
Miscellaneous	-	-	-	-
Total Revenues	<u>4,640,397</u>	<u>4,640,397</u>	<u>2,315,049</u>	<u>(2,325,348)</u>
<b>Expenditures</b>				
Security	<u>3,347,027</u>	<u>3,347,027</u>	<u>1,797,005</u>	<u>1,550,022</u>
Total Expenditures	<u>3,347,027</u>	<u>3,347,027</u>	<u>1,797,005</u>	<u>1,550,022</u>
Excess (deficiency) of revenues over (under) expenditures	1,293,370	1,293,370	518,044	(775,326)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,293,370	1,293,370	518,044	(775,326)
Fund balance-beginning	1,321,713	1,321,713	1,127,251	(194,462)
Fund balance-ending	<u>\$ 2,615,083</u>	<u>\$ 2,615,083</u>	<u>\$ 1,645,295</u>	<u>\$ (969,788)</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Police Levy Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,413,550	\$ 4,413,550	\$ 2,194,540	\$ (2,219,010)
Investment income	-	-	29,145	29,145
Total Revenues	<u>4,413,550</u>	<u>4,413,550</u>	<u>2,223,685</u>	<u>(2,189,865)</u>
<b>Expenditures</b>				
Security	3,158,266	3,158,266	1,406,728	1,751,538
Capital Outlay	-	-	65,191	(65,191)
Total Expenditures	<u>3,158,266</u>	<u>3,158,266</u>	<u>1,471,919</u>	<u>1,686,347</u>
Excess (deficiency) of revenues over (under) expenditures	1,255,284	1,255,284	751,766	(503,518)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	1,255,284	1,255,284	751,766	(503,518)
Fund balance-beginning	1,365,710	1,165,429	1,165,429	-
Fund balance-ending	<u>\$ 2,620,994</u>	<u>\$ 2,420,713</u>	<u>\$ 1,917,195</u>	<u>\$ (503,518)</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Parks Levy Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 647,602	\$ 647,602	\$ 320,321	\$ (327,281)
Investment income	-	-	1,717	1,717
Total Revenues	<u>647,602</u>	<u>647,602</u>	<u>322,038</u>	<u>(325,564)</u>
<b>Expenditures</b>				
Economic development	61,000	61,000	1,747	59,253
Culture and recreation	587,102	587,102	218,303	368,799
Capital Outlay	-	-	-	-
Total Expenditures	<u>648,102</u>	<u>648,102</u>	<u>220,050</u>	<u>428,052</u>
Excess (deficiency) of revenues over (under) expenditures	(500)	(500)	101,988	102,488
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(500)	(500)	101,988	102,488
Fund balance-beginning	500	500	127,406	126,906
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,394</u>	<u>\$ 229,394</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Capital Equipment Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 84,000	\$ 84,000	\$ 78,181	\$ (5,819)
Total Revenues	<u>84,000</u>	<u>84,000</u>	<u>78,181</u>	<u>(5,819)</u>
<b>Expenditures</b>				
Current				
General government	58,947	73,100	316,946	(243,846)
Security of persons and property	1,746,638	1,746,638	406,757	1,339,881
Physical environment	53,500	53,500	4,445	49,055
Transportation	10,500	10,500	-	10,500
Economic environment	2,000	2,000	-	2,000
Culture and recreation	187,050	230,550	79,934	150,616
Capital outlay	1,800,927	1,891,927	27,118	1,864,809
Total Expenditures	<u>3,859,562</u>	<u>4,008,215</u>	<u>835,200</u>	<u>3,173,015</u>
Excess (deficiency) of revenues over (under) expenditures	(3,775,562)	(3,924,215)	(757,019)	3,167,196
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,000,000	2,000,000	939,747	(1,060,253)
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>939,747</u>	<u>(1,060,253)</u>
Net change in fund balance	(1,775,562)	(1,924,215)	182,728	2,106,943
Fund balance-beginning	2,928,160	3,076,813	3,707,850	631,037
Fund balance-ending	<u>\$ 1,152,598</u>	<u>\$ 1,152,598</u>	<u>\$ 3,890,578</u>	<u>\$ 2,737,980</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Fire Equipment Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Contributions	\$ -	\$ -	\$ 61,858	\$ 61,858
Investment income	160,000	160,000	56,768	(103,232)
Miscellaneous	80,000	80,000	38,898	(41,102)
Total Revenues	<u>240,000</u>	<u>240,000</u>	<u>157,524</u>	<u>(82,476)</u>
<b>Expenditures</b>				
Security of persons and property	110,000	110,000	4,267	105,733
Capital outlay	1,738,296	1,738,296	-	1,738,296
Total Expenditures	<u>1,848,296</u>	<u>1,848,296</u>	<u>4,267</u>	<u>1,844,029</u>
Excess (deficiency) of revenues over (under) expenditures	(1,608,296)	(1,608,296)	153,257	1,761,553
<b>Other Financing Sources (Uses)</b>				
Disposition of capital assets	-	-	24,150	24,150
Transfers in	1,422,000	1,422,000	711,000	(711,000)
Total other financing sources (uses)	<u>1,422,000</u>	<u>1,422,000</u>	<u>735,150</u>	<u>(686,850)</u>
Net change in fund balance	(186,296)	(186,296)	888,407	1,074,703
Fund balance-beginning	1,955,488	1,955,488	2,841,196	885,708
Fund balance-ending	<u>\$ 1,769,192</u>	<u>\$ 1,769,192</u>	<u>\$ 3,729,603</u>	<u>\$ 1,960,411</u>

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, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 8,871,652	\$ 8,871,652	\$ 2,170,003	\$ (6,701,649)
Investment income	-	-	140,640	140,640
Total Revenues	<u>8,871,652</u>	<u>8,871,652</u>	<u>2,310,643</u>	<u>(6,561,009)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(18,277,479)	(18,277,479)	(11,257,397)	7,020,082
Total other financing sources (uses)	<u>(18,277,479)</u>	<u>(18,277,479)</u>	<u>(11,257,397)</u>	<u>7,020,082</u>
Net change in fund balance	(9,405,827)	(9,405,827)	(8,946,754)	459,073
Fund balance-beginning	9,405,827	9,405,827	9,545,765	139,938
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,011</u>	<u>\$ 599,011</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Felony Seizure Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ 30,000	\$ 32,916	\$ 2,000	\$ (30,916)
Total Revenues	30,000	32,916	2,000	(30,916)
<b>Expenditures</b>				
Security of persons and property	155,753	158,669	5,888	152,781
Total Expenditures	155,753	158,669	5,888	152,781
Excess (deficiency) of revenues over (under) expenditures	(125,753)	(125,753)	(3,888)	121,865
Net change in fund balance	(125,753)	(125,753)	(3,888)	121,865
Fund balance-beginning	125,753	125,753	136,425	10,672
Fund balance-ending	\$ -	\$ -	\$ 132,537	\$ 132,537

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Emergency Dispatch Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Security of persons and property	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance-beginning	-	-	9,693	9,693
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,693</u>	<u>\$ 9,693</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Business License Surcharge Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 8,789,006	\$ 8,789,006	\$ 4,468,547	\$ (4,320,459)
Investment income	200,000	200,000	194,625	(5,375)
Total Revenues	<u>8,989,006</u>	<u>8,989,006</u>	<u>4,663,172</u>	<u>(4,325,834)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(13,684,925)	(13,684,925)	(5,699,574)	7,985,351
Total other financing sources (uses)	<u>(13,684,925)</u>	<u>(13,684,925)</u>	<u>(5,699,574)</u>	<u>7,985,351</u>
Net change in fund balance	(4,695,919)	(4,695,919)	(1,036,402)	3,659,517
Fund balance-beginning	4,854,669	4,854,669	4,843,713	(10,956)
Fund balance-ending	<u>\$ 158,750</u>	<u>\$ 158,750</u>	<u>\$ 3,807,311</u>	<u>\$ 3,648,561</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
 Budget and Actual  
 Tourism Special Revenue Fund  
 For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 616,791	\$ 616,791	\$ 220,250	\$ (396,541)
Investment income	16,884	16,884	7,674	(9,210)
<b>Total Revenues</b>	<u>633,675</u>	<u>633,675</u>	<u>227,924</u>	<u>(405,751)</u>
<b>Expenditures</b>				
Economic development	570,500	692,344	258,485	433,859
<b>Total Expenditures</b>	<u>570,500</u>	<u>692,344</u>	<u>258,485</u>	<u>433,859</u>
Excess (deficiency) of revenues over (under) expenditures	63,175	(58,669)	(30,561)	28,108
<b>Other Financing Sources (Uses)</b>				
Transfers out	(271,000)	(330,868)	(112,655)	218,213
<b>Total other financing sources (uses)</b>	<u>(271,000)</u>	<u>(330,868)</u>	<u>(112,655)</u>	<u>218,213</u>
<b>Net change in fund balance</b>	<u>(207,825)</u>	<u>(389,537)</u>	<u>(143,216)</u>	<u>246,321</u>
Fund balance-beginning	250,509	432,221	432,222	1
<b>Fund balance-ending</b>	<u>\$ 42,684</u>	<u>\$ 42,684</u>	<u>\$ 289,006</u>	<u>\$ 246,322</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Solid Waste Recycling Special Revenue Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 110,818	\$ 110,818	\$ 119,683	\$ 8,865
Charges for services	815,982	815,982	388,155	(427,827)
Investment income	55,043	55,043	9,548	(45,495)
Miscellaneous	-	-	204	204
Total Revenues	<u>981,843</u>	<u>981,843</u>	<u>517,590</u>	<u>(464,253)</u>
<b>Expenditures</b>				
Physical environment	<u>1,345,603</u>	<u>1,345,076</u>	<u>643,142</u>	<u>701,934</u>
Total Expenditures	<u>1,345,603</u>	<u>1,345,076</u>	<u>643,142</u>	<u>701,934</u>
Excess (deficiency) of revenues over (under) expenditures	(363,760)	(363,233)	(125,552)	237,681
Net change in fund balance	(363,760)	(363,233)	(125,552)	237,681
Fund balance-beginning	429,198	599,281	599,281	-
Fund balance-ending	<u>\$ 65,438</u>	<u>\$ 236,048</u>	<u>\$ 473,729</u>	<u>\$ 237,681</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
 Budget and Actual  
 Advanced Life Support Special Revenue Fund  
 For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 11,530,325	\$ 11,530,325	\$ 6,003,712	\$ (5,526,613)
Total Revenues	<u>11,530,325</u>	<u>11,530,325</u>	<u>6,003,712</u>	<u>(5,526,613)</u>
<b>Expenditures</b>				
Security of persons and property	10,627,119	10,601,163	5,194,687	5,406,476
Capital outlay	-	-	251,826	(251,826)
Debt Service				
Interest and Debt Issuance Costs	-	-	15,876	(15,876)
Total Expenditures	<u>10,627,119</u>	<u>10,601,163</u>	<u>5,462,389</u>	<u>5,138,774</u>
Excess (deficiency) of revenues over (under) expenditures	903,206	929,162	541,323	(387,839)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	903,206	929,162	541,323	(387,839)
Fund balance-beginning	-	-	110,501	110,501
Fund balance-ending	<u>\$ 903,206</u>	<u>\$ 929,162</u>	<u>\$ 651,824</u>	<u>\$ (277,338)</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual  
Capital Improvements Program Capital Projects Fund  
For the year ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,200,000	\$ 2,200,000	\$ 1,100,000	\$ (1,100,000)
Intergovernmental	6,124,724	6,617,727	9,620,298	3,002,571
Charges for services	8,062,030	8,062,030	9,165,958	1,103,928
Contributions	875,800	1,248,492	10,225,103	8,976,611
Investment income	2,099,424	2,099,424	977,119	(1,122,305)
Miscellaneous	23,357,360	23,359,408	470,209	(22,889,199)
<b>Total Revenues</b>	<b>42,719,338</b>	<b>43,587,081</b>	<b>31,558,687</b>	<b>(12,028,394)</b>
<b>Expenditures</b>				
Current				
General government	3,915,436	4,112,940	1,491,886	2,621,054
Security of persons and property	583,000	1,183,000	998,857	184,143
Physical environment	-	65,400	37,036	28,364
Transportation	5,397,936	5,421,576	4,180,213	1,241,363
Economic development	4,353,316	1,441,171	-	1,441,171
Culture and Recreation	774,583	774,583	436,651	337,932
Capital outlay	114,431,702	114,477,720	27,477,337	87,000,383
Debt service				
Principal	2,842,297	2,842,297	1,378,611	1,463,686
Interest	3,533,962	3,533,962	1,810,971	1,722,991
<b>Total Expenditures</b>	<b>135,832,232</b>	<b>133,852,649</b>	<b>37,811,562</b>	<b>96,041,087</b>
Excess (deficiency) of revenues over (under) expenditures	(93,112,894)	(90,265,568)	(6,252,875)	84,012,693
<b>Other Financing Sources (Uses)</b>				
Bond Proceeds	-	-	-	-
Disposition of assets	-	-	-	-
Transfers in	40,192,817	40,192,817	21,284,073	(18,908,744)
Transfers out	(3,320,000)	(7,484,245)	(549,022)	6,935,223
<b>Total other financing sources and uses</b>	<b>36,872,817</b>	<b>32,708,572</b>	<b>20,735,051</b>	<b>(11,973,521)</b>
Net change in fund balance	(56,240,077)	(57,556,996)	14,482,176	72,039,172
<b>Fund balance-beginning</b>	<b>70,524,588</b>	<b>70,524,588</b>	<b>47,383,944</b>	<b>(23,140,644)</b>
<b>Fund balance-ending</b>	<b>\$ 14,284,511</b>	<b>\$ 12,967,592</b>	<b>\$ 61,866,120</b>	<b>\$ 48,898,528</b>

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

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
Budget and Actual

Regular Levy Debt Service Fund  
For the Year Ended December 31, 2009

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Principal	\$ 2,290,000	\$ 2,290,000	\$ 1,125,000	\$ 1,165,000
Interest	3,010,025	3,010,025	1,524,700	1,485,325
Total Expenditures	<u>5,300,025</u>	<u>5,300,025</u>	<u>2,649,700</u>	<u>2,650,325</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,300,025	5,300,025	2,649,700	(2,650,325)
Total other financing sources (uses)	<u>5,300,025</u>	<u>5,300,025</u>	<u>2,649,700</u>	<u>(2,650,325)</u>
Net change in fund balance	-	-	-	-
Fund balance-beginning	-	-	-	-
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule Of Revenues, Expenditures And Changes In Fund Balance  
 Budget and Actual  
 Special Levy Debt Service Fund  
**For the Year Ended December 31, 2009**

	Original Budget 2009-2010	Final Budget 2009-2010	Actual Biennium to Date Through 12/31/2009	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 574,726	\$ 574,726	\$ 287,810	\$ (286,916)
Total Revenues	<u>574,726</u>	<u>574,726</u>	<u>287,810</u>	<u>(286,916)</u>
<b>Expenditures</b>				
Principal	541,739	541,739	245,000	296,739
Interest	74,727	74,727	42,743	31,984
Total Expenditures	<u>616,466</u>	<u>616,466</u>	<u>287,743</u>	<u>328,723</u>
Excess (deficiency) of revenues over (under) expenditures	(41,740)	(41,740)	67	41,807
Net change in fund balance	(41,740)	(41,740)	67	41,807
Fund balance-beginning	953,881	953,881	273,533	(680,348)
Fund balance-ending	<u>\$ 912,141</u>	<u>\$ 912,141</u>	<u>\$ 273,600</u>	<u>\$ (638,541)</u>

## 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 self-insurance program workman's compensation.

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, 2009

Page 1 of 2

	Fleet Maintenance	Insurance	Medical Self-Insurance	Workman's Compensation
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,025,996	\$ 201,472	\$ 1,173,414	\$ 151,185
Investments	3,689,669	761,434	4,351,490	562,119
Receivables:				
Accounts and Contracts	-	-	-	-
Interest	29,594	5,817	34,473	4,179
Due From Other Governments	-	-	8,947	-
Inventory	33,461	-	-	-
Prepaid insurance	-	345,053	-	-
Restricted assets:				
Deposits	-	-	4	-
Total current assets	<u>4,778,720</u>	<u>1,313,776</u>	<u>5,568,328</u>	<u>717,483</u>
Noncurrent assets:				
Land	584,292	-	-	-
Buildings	510,196	-	-	-
Improvements other than buildings	248,876	-	-	-
Equipment	11,098,910	-	-	-
Less accumulated depreciation	(6,977,727)	-	-	-
Total noncurrent assets	<u>5,464,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,243,267</u>	<u>\$ 1,313,776</u>	<u>\$ 5,568,328</u>	<u>\$ 717,483</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 31,619	\$ 5,682	\$ 957,454	\$ 67,768
Employee wages payable	2,031	771	-	-
Compensated absences	32,966	11,717	-	-
Customer deposits payable	-	-	4	-
Total current liabilities	<u>66,616</u>	<u>18,170</u>	<u>957,458</u>	<u>67,768</u>
Noncurrent liabilities:				
Compensated absences	8,241	2,930	-	-
Total noncurrent liabilities	<u>8,241</u>	<u>2,930</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>74,857</u>	<u>21,100</u>	<u>957,458</u>	<u>67,768</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,464,547	-	-	-
Unrestricted	4,703,863	1,292,676	4,610,870	649,715
Total Net Assets	<u>\$ 10,168,410</u>	<u>\$ 1,292,676</u>	<u>\$ 4,610,870</u>	<u>\$ 649,715</u>

Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2009

	Information Technology	Redmond Community Properties	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,950,974	\$ 440,604	\$ 6,943,645
Investments	-	-	9,364,712
Receivables:			
Accounts and Contracts	-	640	640
Interest	-	-	74,063
Due From Other Governments			8,947
Inventory	-	-	33,461
Prepaid insurance	-	53,485	398,538
Restricted assets:			
Deposits	-	-	4
Total current assets	<u>3,950,974</u>	<u>494,729</u>	<u>16,824,010</u>
Noncurrent assets:			
Land	-	-	584,292
Buildings	109,298	-	619,494
Improvements other than buildings	29,223	-	278,099
Equipment	208,884	-	11,307,794
Less accumulated depreciation	(140,901)	-	(7,118,628)
Total noncurrent assets	<u>206,504</u>	<u>-</u>	<u>5,671,051</u>
Total Assets	<u>\$ 4,157,478</u>	<u>\$ 494,729</u>	<u>\$ 22,495,061</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 34,622	\$ 184,320	\$ 1,281,465
Employee wages payable	8,075	-	10,877
Compensated absences	119,274	-	163,957
Customer deposits payable	-	-	4
Total current liabilities	<u>161,971</u>	<u>184,320</u>	<u>1,456,303</u>
Noncurrent liabilities:			
Compensated absences	29,819	-	40,990
Total noncurrent liabilities	<u>29,819</u>	<u>-</u>	<u>40,990</u>
Total Liabilities	<u>191,790</u>	<u>184,320</u>	<u>1,497,293</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	206,504	-	5,671,051
Unrestricted	3,759,184	310,409	15,326,717
Total Net Assets	<u>\$ 3,965,688</u>	<u>\$ 310,409</u>	<u>\$ 20,997,768</u>

The City of Redmond  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds

For the year ended December 31, 2009

Page 1 of 2

	<b>Fleet Maintenance</b>	<b>Insurance</b>	<b>Medical Self-Insurance</b>	<b>Workman's Compensation</b>
<b>Operating revenues:</b>				
Charges for services	\$ 93,657	\$ -	\$ -	\$ -
Charges for replacement	2,200,717	-	-	-
Charges for insurance	-	1,109,091	7,133,772	586,571
Total Operating Revenues	<u>2,294,374</u>	<u>1,109,091</u>	<u>7,133,772</u>	<u>586,571</u>
<b>Operating expenses:</b>				
Administrative and general	-	-	-	-
Maintenance and operations	879,839	894,018	7,583,138	649,288
Supplies	621,958	98	95	-
Depreciation and amortization	960,070	-	-	-
Total Operating Expenses	<u>2,461,867</u>	<u>894,116</u>	<u>7,583,233</u>	<u>649,288</u>
Operating income (loss)	<u>(167,493)</u>	<u>214,975</u>	<u>(449,461)</u>	<u>(62,717)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and investment revenue	74,234	14,154	88,725	10,273
Grant Income	76,906	-	-	-
Intergovernmental COBRA tax credit	-	-	25,653	-
Gain on sale of capital assets	13,796	-	-	-
Insurance Recovery	-	78,432	-	-
Miscellaneous	2,124	-	831,368	-
Total nonoperating revenues (expenses)	<u>167,060</u>	<u>92,586</u>	<u>945,746</u>	<u>10,273</u>
Income (loss) before contributions and transfers	<u>(433)</u>	<u>307,561</u>	<u>496,285</u>	<u>(52,444)</u>
<b>Capital contributions</b>	285,031	-	-	-
Transfers in	-	-	25,985	-
Change in net assets	<u>284,598</u>	<u>307,561</u>	<u>522,270</u>	<u>(52,444)</u>
Total net assets - beginning	<u>9,883,812</u>	<u>985,115</u>	<u>4,088,600</u>	<u>702,159</u>
Total net assets - ending	<u>\$ 10,168,410</u>	<u>\$ 1,292,676</u>	<u>\$ 4,610,870</u>	<u>\$ 649,715</u>

The City of Redmond  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the year ended December 31, 2009

Page 2 of 2

	Information Technology	Redmond Community Properties	Total
<b>Operating revenues:</b>			
Charges for services	\$ 6,536,076	\$ 967,990	\$ 7,597,723
Charges for replacement	-	-	2,200,717
Charges for insurance	-	-	8,829,434
Total Operating Revenues	<u>6,536,076</u>	<u>967,990</u>	<u>18,627,874</u>
<b>Operating expenses:</b>			
Administrative and general	-	343,226	343,226
Maintenance and operations	3,098,420	549,898	13,654,601
Supplies	87,483	-	709,634
Depreciation and amortization	35,630	-	995,700
Total Operating Expenses	<u>3,221,533</u>	<u>893,124</u>	<u>15,703,161</u>
Operating income (loss)	<u>3,314,543</u>	<u>74,866</u>	<u>2,924,713</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and investment revenue	-	1,583	188,969
Grant Income	-	-	76,906
Intergovernmental COBRA tax credit	-	-	25,653
Gain on sale of capital assets	-	-	13,796
Insurance Recovery	-	-	78,432
Miscellaneous	-	-	833,492
Total nonoperating revenues (expenses)	<u>-</u>	<u>1,583</u>	<u>1,217,248</u>
Income (loss) before contributions and transfers	<u>3,314,543</u>	<u>76,449</u>	<u>4,141,961</u>
<b>Capital contributions</b>			
Transfers in	-	-	285,031
Change in net assets	<u>3,314,543</u>	<u>76,449</u>	<u>4,452,977</u>
Total net assets - beginning	651,145	233,960	16,544,791
Total net assets - ending	<u>\$ 3,965,688</u>	<u>\$ 310,409</u>	<u>\$ 20,997,768</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	<b>Fleet Maintenance</b>	<b>Insurance</b>	<b>Medical Self-Insurance</b>	<b>Workman's Compensation</b>
<b>Cash Flow From Operating Activities</b>				
Cash received from customers	\$ 93,657	\$ 1,109,091	\$ 7,099,299	\$ 586,571
Cash received for replacement	2,200,717	-	-	-
Cash payments to suppliers	(751,121)	(667,110)	(7,377,583)	(698,244)
Cash payments to employees	(540,459)	(207,286)	(124)	-
Internal activity - payments to other funds	(224,587)	(35,283)	-	-
Other operating receipts	2,124	82,131	857,021	-
Net cash provided (used) by operating activities	<u>780,331</u>	<u>281,543</u>	<u>578,613</u>	<u>(111,673)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers in	-	-	25,985	-
Grants	76,906	-	-	-
Net cash provided by noncapital financing activities	<u>76,906</u>	<u>-</u>	<u>25,985</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(1,106,537)	-	-	-
Proceeds from sale of capital assets	53,950	-	-	-
Net cash used for capital and related financing activities	<u>(1,052,587)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Investment purchases	-	(96,203)	-	-
Investment sales/maturities	829,918	-	171,095	205,034
Interest on investments	96,978	16,132	132,298	15,003
Net cash provided (used) in investing activities	<u>926,896</u>	<u>(80,071)</u>	<u>303,393</u>	<u>220,037</u>
Net increase (decrease) in cash and cash equivalents	731,546	201,472	907,991	108,364
Cash and cash equivalents-beginning of year	294,450	-	265,427	42,821
Cash and cash equivalents-end of year	<u>1,025,996</u>	<u>201,472</u>	<u>1,173,418</u>	<u>151,185</u>
Cash at the end of the year consists of:				
Operating fund cash	1,025,996	201,472	1,173,414	151,185
Customer deposits	-	-	4	-
Total cash at end of year	<u>\$ 1,025,996</u>	<u>\$ 201,472</u>	<u>\$ 1,173,418</u>	<u>\$ 151,185</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	Information Technology	Redmond Community Properties	Total
<b>Cash Flow From Operating Activities</b>			
Cash received from customers	\$ 6,536,076	\$ 907,541	\$ 16,332,235
Cash received for replacement	-	-	2,200,717
Cash payments to suppliers	(891,708)	(748,487)	(11,134,253)
Cash payments to employees	(2,174,852)	(146,409)	(3,069,130)
Internal activity - payments to other funds	(197,073)	-	(456,943)
Other operating receipts	-	-	941,276
Net cash provided (used) by operating activities	<u>3,272,443</u>	<u>12,645</u>	<u>4,813,902</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	-	-	25,985
Grants	-	-	76,906
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>102,891</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	-	(1,106,537)
Proceeds from sale of capital assets	-	-	53,950
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,052,587)</u>
<b>Cash Flows from Investing Activities</b>			
Investment purchases	-	-	(96,203)
Investment sales/maturities	-	-	1,206,047
Interest on investments	-	1,801	262,212
Net cash provided (used) in investing activities	<u>-</u>	<u>1,801</u>	<u>1,372,056</u>
Net increase (decrease) in cash and cash equivalents	3,272,443	14,446	5,236,262
Cash and cash equivalents-beginning of year	678,531	426,158	1,707,387
Cash and cash equivalents-end of year	<u>3,950,974</u>	<u>440,604</u>	<u>6,943,649</u>
Cash at the end of the year consists of:			
Operating fund cash	3,950,974	440,604	6,943,645
Customer deposits	-	-	4
Total cash at end of year	<u>\$ 3,950,974</u>	<u>\$ 440,604</u>	<u>\$ 6,943,649</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	<u>Fleet Maintenance</u>	<u>Insurance</u>	<u>Medical Self-Insurance</u>	<u>Workman's Compensation</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (167,493)	\$ 214,975	\$ (449,461)	\$ (62,717)
Adjustments to reconcile operating income to net cash provided by Operating activities:				
Depreciation	960,070	-	-	-
Decrease (increase) in accounts receivable	-	-	(34,473)	-
Decrease (increase) in inventory	2,881	-	-	-
Decrease (increase) in prepaid expenses	-	3,699	-	-
Increase (decrease) in accounts payable	(12,252)	(11,042)	205,650	(48,956)
Increase (decrease) in employee wages payable	(10,749)	(9,026)	(124)	-
Increase (decrease) in compensated absences payable	5,750	4,505	-	-
Reclassify other income	2,124	78,432	857,021	-
Increase (decrease) in unearned revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 780,331</u>	<u>\$ 281,543</u>	<u>\$ 578,613</u>	<u>\$ (111,673)</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	<u>Information Technology</u>	<u>Redmond Community Properties</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 3,314,543	\$ 74,866	\$ 2,924,713
Adjustments to reconcile operating income to net cash provided by Operating activities:			
Depreciation	35,630	-	995,700
Decrease (increase) in accounts receivable	-	32,775	(1,698)
Decrease (increase) in inventory	-	-	2,881
Decrease (increase) in prepaid expenses	-	(7,123)	(3,424)
Increase (decrease) in accounts payable	(34,320)	5,351	104,431
Increase (decrease) in employee wages payable	(71,721)	-	(91,620)
Increase (decrease) in compensated absences payable	28,311	-	38,566
Reclassify other income	-	-	937,577
Increase (decrease) in unearned revenues	-	(93,224)	(93,224)
Net cash provided (used) by operating activities	<u>\$ 3,272,443</u>	<u>\$ 12,645</u>	<u>\$ 4,813,902</u>

Noncash investing, capital and financing activities:		
Other funds of the city transferred vehicles valued at		285,031
The fair value of investments in the Fleet Maintenance Fund decreased by		(31,717)
The fair value of investments in the Insurance Fund decreased by		(6,545)
The fair value of investments in the Medical Self-Insurance Fund decreased by		(37,406)
The fair value of investments in the Workman's Compensation Fund decreased by		(4,832)

## 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 (MEBT) 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 Contractor's 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, 2009

	Intergovernmental Custodial	MEBT	Contractor's Deposits	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 38,447	\$ 34,048	\$ 1,100,432	\$ 1,172,927
Receivables	-	-	-	-
Total assets	<u>\$ 38,447</u>	<u>\$ 34,048</u>	<u>\$ 1,100,432</u>	<u>\$ 1,172,927</u>
<b>Liabilities</b>				
Due to other governments	\$ 38,447	\$ -	\$ -	\$ 38,447
Custodial	-	34,048	-	34,048
Trust account	-	-	1,100,432	1,100,432
Total liabilities	<u>\$ 38,447</u>	<u>\$ 34,048</u>	<u>\$ 1,100,432</u>	<u>\$ 1,172,927</u>

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

For the Year Ended December 31, 2009

	<u>1-1-09</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>12-31-09</u> <u>Balance</u>
<b>Intergovernmental Custodial</b>				
Assets				
Cash and cash equivalents	\$ 10,759	\$ 191,138	\$ 163,454	\$ 38,443
Accounts receivable	4	-	-	4
Total Assets	<u>\$ 10,763</u>	<u>\$ 191,138</u>	<u>\$ 163,454</u>	<u>\$ 38,447</u>
Liabilities				
Due to other governments	\$ 10,763	\$ 123,995	\$ 96,311	\$ 38,447
Total Liabilities	<u>\$ 10,763</u>	<u>\$ 123,995</u>	<u>\$ 96,311</u>	<u>\$ 38,447</u>
<b>MEBT</b>				
Assets				
Cash and cash equivalents	\$ 36,981	\$ 3,976,887	\$ 3,979,820	\$ 34,048
Total Assets	<u>\$ 36,981</u>	<u>\$ 3,976,887</u>	<u>\$ 3,979,820</u>	<u>\$ 34,048</u>
Liabilities				
Custodial	\$ 36,981	\$ 4,137,264	\$ 4,140,197	\$ 34,048
Total Liabilities	<u>\$ 36,981</u>	<u>\$ 4,137,264</u>	<u>\$ 4,140,197</u>	<u>\$ 34,048</u>
<b>Contractor's Deposit</b>				
Assets				
Cash and cash equivalents	\$ 834,724	\$ 932,749	\$ 667,041	\$ 1,100,432
Total Assets	<u>\$ 834,724</u>	<u>\$ 932,749</u>	<u>\$ 667,041</u>	<u>\$ 1,100,432</u>
Liabilities				
Trust account	\$ 834,724	\$ 932,888	\$ 667,180	\$ 1,100,432
Total Liabilities	<u>\$ 834,724</u>	<u>\$ 932,888</u>	<u>\$ 667,180</u>	<u>\$ 1,100,432</u>
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 882,468	\$ 5,100,774	\$ 4,810,315	\$ 1,172,927
Total Assets	<u>\$ 882,468</u>	<u>\$ 5,100,774</u>	<u>\$ 4,810,315</u>	<u>\$ 1,172,927</u>
Liabilities				
Due to other governments	\$ 10,763	\$ 123,995	\$ 96,311	\$ 38,447
Custodial	36,981	4,137,264	4,140,197	34,048
Trust account	834,724	932,888	667,180	1,100,432
Total Liabilities	<u>\$ 882,468</u>	<u>\$ 5,194,147</u>	<u>\$ 4,903,688</u>	<u>\$ 1,172,927</u>

## Capital Assets Used in the Operation of Government Funds

Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 73,123,128	\$ 68,983,583
Buildings	67,712,794	64,750,410
Improvements other than buildings	26,255,958	25,025,273
Machinery and equipment	14,870,853	14,925,287
Artwork	328,365	309,981
Infrastructure	205,877,874	190,114,625
Construction in progress	23,508,459	20,702,608
Total governmental funds capital assets	<u>\$ 411,677,431</u>	<u>\$ 384,811,767</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 260,030,406	\$ 249,703,711
Special revenue funds	8,751,268	9,180,396
Impact fees	22,225,367	13,640,303
Federal grants	9,603,642	1,698,545
General obligation bonds	87,678,316	87,678,316
Private gifts	23,388,432	22,910,496
Total governmental funds capital assets	<u>\$ 411,677,431</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 by Function and Activity  
 December 31, 2009

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
General government				
Finance	\$ -	\$ -	\$ -	\$ 3,374,620
Planning	-	-	-	824,920
General government	9,061,967	36,574,185	5,829,103	403,382
Public works/general	2,039,911	2,592,361	267,533	205,766
Total general government	<u>11,101,878</u>	<u>39,166,546</u>	<u>6,096,636</u>	<u>4,808,688</u>
Security				
Police	-	7,531,872	92,458	1,998,707
Fire	3,241,654	10,593,975	216,746	7,536,773
Total security	<u>3,241,654</u>	<u>18,125,847</u>	<u>309,204</u>	<u>9,535,480</u>
Transportation	<u>43,325,470</u>	-	-	51,975
Culture and recreation				
Parks and recreation	15,347,312	8,597,876	19,650,118	441,050
Senior center	106,814	1,822,525	200,000	33,660
Total culture and recreation	<u>15,454,126</u>	<u>10,420,401</u>	<u>19,850,118</u>	<u>474,710</u>
Total governmental funds capital assets	<u>\$ 73,123,128</u>	<u>\$ 67,712,794</u>	<u>\$ 26,255,958</u>	<u>\$ 14,870,853</u>

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

December 31, 2009

Page 2 of 2

Function and Activity	Artwork	Infrastructure	Construction in Progress	Total
General government				
Finance	\$ -	\$ -	\$ -	\$ 3,374,620
Planning	-	-	-	824,920
General government	-	-	660,834	52,529,471
Public works/general	-	-	4,415	5,109,986
Total general government	<u>-</u>	<u>-</u>	<u>665,249</u>	<u>61,838,997</u>
Security				
Police	-	-	-	9,623,037
Fire	-	-	660,790	22,249,938
Total security	<u>-</u>	<u>-</u>	<u>660,790</u>	<u>31,872,975</u>
Transportation	<u>-</u>	<u>198,198,760</u>	<u>21,733,071</u>	<u>263,309,276</u>
Culture and recreation				
Parks and recreation	328,365	7,679,114	449,349	52,493,184
Senior center	-	-	-	2,162,999
Total culture and recreation	<u>328,365</u>	<u>7,679,114</u>	<u>449,349</u>	<u>54,656,183</u>
Total governmental funds capital assets	<u>\$ 328,365</u>	<u>\$ 205,877,874</u>	<u>\$ 23,508,459</u>	<u>\$ 411,677,431</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, 2009

Function and Activity	Governmental Funds Capital Assets 1/1/2009	Additions	Deductions	Governmental Funds Capital Assets 12/31/2009
General government				
Finance	\$ 3,374,620	\$ -	\$ -	\$ 3,374,620
Planning	725,543	110,018	10,641	824,920
General government	52,586,934	36,640	94,103	52,529,471
Public works/general	5,058,443	51,543	-	5,109,986
Total general government	<u>61,745,540</u>	<u>198,201</u>	<u>104,744</u>	<u>61,838,997</u>
Security				
Police	9,166,198	3,099,028	2,642,189	9,623,037
Fire	21,989,727	2,592,428	2,332,217	22,249,938
Total security	<u>31,155,925</u>	<u>5,691,456</u>	<u>4,974,406</u>	<u>31,872,975</u>
Transportation	<u>238,376,132</u>	<u>43,544,051</u>	<u>18,610,907</u>	<u>263,309,276</u>
Culture and recreation				
Parks and recreation	51,371,171	3,712,843	2,590,830	52,493,184
Senior center	2,162,999	-	-	2,162,999
Total culture and recreation	<u>53,534,170</u>	<u>3,712,843</u>	<u>2,590,830</u>	<u>54,656,183</u>
Total governmental funds capital assets	<u>\$ 384,811,767</u>	<u>\$ 53,146,551</u>	<u>\$ 26,280,887</u>	<u>\$ 411,677,431</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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	123
Revenue Capacity These schedules contain information to help the reader assess the City's tax revenue sources.	129
Debt Capacity 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.	134
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	139
Operating Information 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.	141

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.

Schedule 1

Net Assets by Component (in thousands)

Last Eight Fiscal Years\*

Accrual Basis of Accounting

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 147,898	\$ 166,566	\$ 183,981	\$ 197,288	\$ 209,981	\$ 231,771	\$ 238,895	\$ 256,114
Restricted	16,655	15,844	18,383	17,545	23,428	24,320	24,203	25,938
Unrestricted	53,633	51,403	50,835	52,174	55,978	67,326	77,758	83,798
<b>Total governmental activities net assets</b>	<b>\$ 218,186</b>	<b>\$ 233,813</b>	<b>\$ 253,199</b>	<b>\$ 267,007</b>	<b>\$ 289,387</b>	<b>\$ 323,417</b>	<b>\$ 340,856</b>	<b>\$ 365,850</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 135,246	\$ 149,666	\$ 158,988	\$ 171,591	\$ 193,432	\$ 212,565	\$ 228,193	\$ 234,272
Restricted	1,005	-	-	-	-	-	7,686	1,372
Unrestricted	28,312	30,450	30,783	28,482	22,841	35,988	37,126	48,280
<b>Total business-type activities net assets</b>	<b>\$ 164,563</b>	<b>\$ 180,116</b>	<b>\$ 189,771</b>	<b>\$ 200,073</b>	<b>\$ 216,273</b>	<b>\$ 248,553</b>	<b>\$ 273,005</b>	<b>\$ 283,924</b>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 283,144	\$ 316,232	\$ 342,969	\$ 368,879	\$ 403,413	\$ 444,336	\$ 467,088	\$ 490,386
Restricted	17,660	15,844	18,383	17,545	23,428	24,320	31,889	27,310
Unrestricted	81,945	81,853	81,618	80,656	78,819	103,314	114,884	132,078
<b>Total primary government net assets</b>	<b>\$ 382,749</b>	<b>\$ 413,929</b>	<b>\$ 442,970</b>	<b>\$ 467,080</b>	<b>\$ 505,660</b>	<b>\$ 571,970</b>	<b>\$ 613,861</b>	<b>\$ 649,774</b>

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

Schedule 2

Changes in Net Assets (in thousands)

Last Eight Fiscal Years\*

Accrual Basis of Accounting

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 10,413	\$ 10,554	\$ 10,599	\$ 14,498	\$ 14,024	\$ 13,390	\$ 14,823	\$ 18,222
Security	23,487	26,711	30,032	31,089	34,353	41,105	40,940	40,319
Physical Environment	3,875	4,074	3,080	3,055	3,395	3,360	3,962	3,763
Economic environment	3,018	3,603	3,391	3,160	3,458	3,488	3,689	4,664
Transportation	8,077	8,633	7,983	9,150	9,533	10,616	16,502	16,530
Mental/physical health	85	88	95	94	98	98	97	12
Culture and Recreation	6,304	7,779	7,489	8,121	8,908	9,551	11,104	11,103
Interest on long-term debt	910	747	459	462	2,012	1,990	2,045	1,891
Total governmental activities expenses	<u>56,169</u>	<u>62,189</u>	<u>63,128</u>	<u>69,629</u>	<u>75,781</u>	<u>83,598</u>	<u>93,162</u>	<u>96,504</u>
Business-type activities:								
Water/wastewater	17,286	18,323	18,340	20,617	20,915	22,528	26,467	27,085
UPD Water/wastewater	1,622	2,121	3,373	4,003	3,610	5,466	5,908	4,963
Stormwater	3,937	4,799	5,293	5,332	5,949	6,188	6,580	6,746
Total business-type activities net assets	<u>22,845</u>	<u>25,243</u>	<u>27,006</u>	<u>29,952</u>	<u>30,474</u>	<u>34,182</u>	<u>38,955</u>	<u>38,794</u>
Total primary government expenses	<u>\$ 79,014</u>	<u>\$ 87,432</u>	<u>\$ 90,134</u>	<u>\$ 99,581</u>	<u>\$ 106,255</u>	<u>\$ 117,780</u>	<u>\$ 132,117</u>	<u>\$ 135,298</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 2,207	\$ 2,366	\$ 2,406	\$ 2,249	\$ 2,746	\$ 3,040	\$ 3,066	\$ 3,198
Security	5,535	8,237	9,001	9,140	10,687	13,223	13,881	15,764
Physical Environment	359	397	248	365	376	372	379	421
Economic environment	4,910	7,795	9,166	7,567	10,573	12,874	14,256	16,573
Transportation	328	141	23	24	652	1,398	433	13
Culture and Recreation	1,016	1,116	1,252	1,532	1,701	1,774	1,793	2,050
Operating grants and contributions	1,970	2,589	3,356	5,158	6,967	5,903	7,383	2,830
Capital grants and contributions	9,616	5,381	6,067	2,778	5,312	5,227	5,240	19,834
Total governmental activities program revenues	<u>\$ 25,941</u>	<u>\$ 28,022</u>	<u>\$ 31,519</u>	<u>\$ 28,813</u>	<u>\$ 39,014</u>	<u>\$ 43,811</u>	<u>\$ 46,431</u>	<u>\$ 60,683</u>

Schedule 2 (continued)  
 Changes in Net Assets (in thousands)  
 Last Eight Fiscal Years\*  
 Accrual Basis of Accounting

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Business-type activities:								
Charges for services:								
Water/wastewater	\$ 17,182	\$ 18,440	\$ 19,684	\$ 20,658	\$ 21,085	\$ 26,127	\$ 24,960	\$ 26,577
UPD Water/wastewater	1,600	2,111	3,440	3,804	3,363	5,525	5,098	4,829
Stormwater	6,863	6,940	7,216	7,164	7,466	11,315	10,715	10,656
Operating grants and contributions	-	1	29	-	0	523	19	58
Capital grants and contributions	19,078	12,651	7,115	7,809	13,341	21,160	20,735	6,681
Total business-type activities								
program revenues	44,723	40,143	37,484	39,435	45,255	64,650	61,527	48,801
Total primary government								
program revenues	\$ 70,664	\$ 68,165	\$ 69,003	\$ 68,248	\$ 84,269	\$ 108,461	\$ 107,958	\$ 109,484
Net (Expense)/Revenue								
Governmental activities	\$ (30,228)	\$ (34,169)	\$ (31,608)	\$ (41,147)	\$ (36,768)	\$ (39,787)	\$ (46,733)	\$ (35,821)
Business-type activities	21,878	14,899	10,478	9,813	14,781	30,470	22,571	10,007
Total primary government net expense	(8,350)	(19,270)	(21,130)	(31,334)	(21,987)	(9,317)	(24,162)	(25,814)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property taxes	12,974	13,298	13,813	14,692	12,621	13,039	18,589	19,446
Sales taxes	15,905	17,575	18,955	18,648	20,071	24,420	20,675	18,996
Other	15,117	16,164	16,510	18,705	22,174	27,404	19,578	19,263
Unrestricted investment interest	3,052	1,681	1,119	1,928	3,665	5,135	4,087	2,087
Miscellaneous	285	894	524	605	582	4,203	1,121	1,008
Gain (Loss) on sale of capital assets	-	22	49	18	7	(384)	121	14
Transfers	16	161	24	29	29	-	-	-
Total governmental activities	47,349	49,795	50,994	54,625	59,149	73,817	64,171	60,814
Business-type activities:								
Unrestricted investment interest	1,135	767	517	785	1,298	1,668	1,740	737
Miscellaneous	54	48	47	63	149	143	140	176
Special items	(637)	-	-	-	-	-	-	-
Transfers	(16)	(161)	(24)	(28)	(29)	-	-	-
Total business-type activities	536	654	540	820	1,418	1,811	1,880	913
Total primary government	\$ 47,885	\$ 50,449	\$ 51,534	\$ 55,445	\$ 60,567	\$ 75,628	\$ 66,051	\$ 61,727
Change in Net Assets								
Governmental activities	\$ 17,120	\$ 15,627	\$ 19,386	\$ 13,477	\$ 22,380	\$ 34,030	\$ 17,439	\$ 24,994
Business-type activities	22,413	15,554	11,018	10,633	16,200	32,280	24,452	10,919
Total primary government	\$ 39,533	\$ 31,181	\$ 30,404	\$ 24,110	\$ 38,580	\$ 66,310	\$ 41,891	\$ 35,913

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

Schedule 3

Fund Balances, Governmental Funds (in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2000	2001**	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	*	*	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23	\$ 32	\$ -	\$ -
Unreserved	*	*	5,015	5,286	5,008	6,182	9,035	14,653	16,177	6,489
Total	<u>\$ 12,449</u>	<u>\$ 5,978</u>	<u>\$ 5,038</u>	<u>\$ 5,309</u>	<u>\$ 5,031</u>	<u>\$ 6,205</u>	<u>\$ 9,058</u>	<u>\$ 14,685</u>	<u>\$ 16,177</u>	<u>\$ 6,489</u>
All Other Governmental Funds										
Reserved	\$ 3,553	\$ 3,078	\$ 1,924	\$ 1,593	\$ 1,675	\$ 1,537	\$ 1,550	\$ 1,608	\$ 1,526	\$ 1,244
Unreserved, reported in:										
Special revenue funds	13,234	16,571	20,302	21,500	21,670	21,413	24,249	32,280	38,603	31,914
Capital projects funds	33,628	40,560	39,797	35,774	36,783	34,293	39,688	37,125	47,384	61,866
Total all other governmental funds:	<u>\$ 50,415</u>	<u>\$ 60,209</u>	<u>\$ 62,023</u>	<u>\$ 58,867</u>	<u>\$ 60,128</u>	<u>\$ 57,243</u>	<u>\$ 65,487</u>	<u>\$ 71,013</u>	<u>\$ 87,513</u>	<u>\$ 95,024</u>

\*The General Fund reserved/unreserved breakdown is unavailable before implementation of GASB 34 in 2002.

\*\*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 approximately \$10 million.

Schedule 4

Changes in Fund Balances, Governmental Funds (in thousands)

Last Eight Fiscal Years\*

Modified Accrual Basis of Accounting

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>								
Taxes	\$ 43,587	\$ 46,582	\$ 48,762	\$ 51,518	\$ 54,353	\$ 64,271	\$ 58,256	\$ 57,101
Special assessments	981	542	487	297	273	245	287	88
Licenses and permits	3,659	4,427	3,823	5,879	7,639	9,920	8,297	7,057
Contributions from property owners	3,847	2,178	3,707	837	4,035	3,677	2,629	10,554
Intergovernmental	8,003	12,378	13,684	12,918	15,057	17,459	18,077	26,569
Charges for services	5,355	7,373	9,361	6,259	8,007	9,258	12,325	15,448
Fines and forfeitures	326	222	181	97	52	826	864	1,053
Investment interest	3,678	1,857	944	1,582	3,146	4,406	3,752	2,237
Miscellaneous	287	878	524	604	581	1,011	1,011	957
<b>Total revenues</b>	<b>69,723</b>	<b>76,437</b>	<b>81,473</b>	<b>79,991</b>	<b>93,143</b>	<b>111,073</b>	<b>105,498</b>	<b>121,064</b>
<b>Expenditures</b>								
General government	9,710	10,052	10,239	12,616	12,963	12,384	13,785	18,087
Security (persons/property)	22,707	25,840	29,452	30,008	33,247	40,155	39,775	43,229
Physical environment	3,896	3,838	3,440	2,995	3,416	3,382	3,817	3,728
Transportation	4,245	5,857	4,808	5,237	4,415	6,712	6,685	9,260
Economic environment	3,114	3,591	3,429	3,297	3,524	3,382	3,907	4,343
Mental/physical health	85	88	95	94	98	98	97	12
Culture and Recreation	6,704	7,270	7,132	7,225	8,072	8,690	9,901	10,060
Capital outlay	13,573	22,058	56,228	15,255	12,303	23,865	39,832	28,016
Debt service:								
Principal	3,962	3,750	4,229	4,469	1,940	2,540	2,448	3,109
Interest and debt issue costs	928	767	750	607	2,110	2,041	2,565	3,420
<b>Total expenditures</b>	<b>68,924</b>	<b>83,111</b>	<b>119,802</b>	<b>81,803</b>	<b>82,088</b>	<b>103,249</b>	<b>122,812</b>	<b>123,264</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 799</b>	<b>\$ (6,674)</b>	<b>\$ (38,329)</b>	<b>\$ (1,812)</b>	<b>\$ 11,055</b>	<b>\$ 7,824</b>	<b>\$ (17,314)</b>	<b>\$ (2,200)</b>

Schedule 4 (continued)

Changes in Fund Balances, Governmental Funds (in thousands)

Last Eight Fiscal Years\*

Modified Accrual Basis of Accounting

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Other Finance Sources (Uses)								
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111	\$ -
Proceeds from borrowing	-	3,698	39,230	-	-	-	36,560	-
Disposition of capital assets	7	25	7	4	4	3,196	-	49
Transfers in	16,198	18,325	15,784	16,682	17,335	23,294	12,929	27,681
Transfers out	(16,130)	(18,260)	(15,709)	(16,584)	(17,297)	(23,161)	(12,966)	(27,707)
Bond Proceeds to Refunding Trustee	-	-	-	-	-	-	(1,328)	-
Total other financing sources (uses)	<u>75</u>	<u>3,788</u>	<u>39,312</u>	<u>102</u>	<u>42</u>	<u>3,329</u>	<u>35,306</u>	<u>23</u>
Net change in fund balances	<u>\$ 874</u>	<u>\$ (2,886)</u>	<u>\$ 983</u>	<u>\$ (1,710)</u>	<u>\$ 11,097</u>	<u>\$ 11,153</u>	<u>\$ 17,992</u>	<u>\$ (2,177)</u>
Debt service as a percentage of noncapital expenditures	8.82%	7.39%	7.83%	7.46%	5.63%	5.77%	6.04%	6.85%

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

## Schedule 5

### Assessed Value and Actual Value of Taxable Property

#### Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Valuation</u>	<u>Total Direct Tax Rate*</u>
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
2009	13,205,438,085	1,333,419,562	14,538,857,647	1.35

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

Source: King County Accounting Division

Real and personal property has been assessed at 100% of the estimated value.

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	
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
2009	1.33	0.02	1.35	1.96	1.10	0.20	2.23	0.40	0.42	0.27	0.04	0.05	0.09	8.11

Source: King County Assessor's Office

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

\*\*New taxing district as of 2007.

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

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

Schedule 7

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value*	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value**
Microsoft (includes MSNBC)	\$ 2,392,361,254	1	16.45%	\$ 767,402,994	1	12.31%
PPR Redmond Retail LLC (Redmond Town Center)	119,068,264	2	0.82%	101,006,600	2	1.62%
Puget Sound Energy	117,539,631	3	0.81%	94,040,236	3	1.51%
ASN - Washington Holdings	105,535,000	4	0.73%	-	-	-
BRE Properties	92,936,000	6	0.64%	-	-	-
Tishman Speyer Archstone (formerly Archstone-Smith)	85,002,000	7	0.58%	-	-	-
Nintendo	100,557,586	5	0.69%	37,069,300	9	0.59%
PS Business Parks LP (formerly Yett Family Partnership)	62,226,400	8	0.43%	35,122,200	10	0.56%
Verizon Northwest Inc.	27,391,248	9	0.19%	58,316,721	4	0.94%
Physio Control	26,711,100	10	0.18%	-	-	-
Safeco	-	-	-	40,930,400	7	0.66%
Eddie Bauer	-	-	-	42,142,700	6	0.68%
Spacelabs Medical, Inc.	-	-	-	51,988,405	5	0.83%
Liebow todd S Mai (Cambrian Apts)	-	-	-	40,917,800	8	0.66%
<b>Total</b>	<b>\$ 3,129,328,483</b>		<b>21.52%</b>	<b>\$ 1,268,937,356</b>		<b>20.36%</b>

Source: King County Assessor

\* In 2009 the estimated value of real and personal property in the City of Redmond was \$14,538,857,647.

\*\* In 2000 the estimated value of real and personal property in the City of Redmond was \$6,231,865,810.

Schedule 8

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2009	19,538,614	19,322,310	98.89%	148,728	19,471,038	99.65%

Source: King County Assessor and Redmond accounting division

\*Includes levy adjustments

Schedule 9

Summary of Sales Tax Revenues  
Last Eight Fiscal Years

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Retail Trade Sales Tax</b>								
Electronics and Appliances	\$ 330,752	\$ 305,285	\$ 690,202	\$ 658,225	\$ 671,664	\$ 638,768	\$ 531,796	\$ 1,087,674
Furniture	533,665	410,689	313,708	259,799	336,218	262,470	436,382	266,049
General Merchandise	350,324	337,771	650,100	623,497	1,537,810	1,515,512	911,412	1,343,640
Miscellaneous Retail Trade	468,573	476,925	405,616	406,411	137,621	146,303	470,973	612,515
Other	2,977,413	3,671,622	3,773,098	4,013,911	3,838,023	4,356,254	4,196,636	2,375,512
<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>5,685,390</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	1,689,694
Construction	2,226,883	2,172,882	2,467,526	2,768,950	3,151,657	3,125,692	3,783,006	3,771,855
Information	1,195,058	2,786,641	1,939,671	1,986,737	1,536,738	4,814,199	1,051,283	1,385,499
Miscellaneous	1,732,511	1,617,544	1,654,226	1,646,143	1,896,963	2,229,314	1,867,005	1,621,406
Service	1,273,046	1,127,475	1,148,434	1,184,711	1,770,263	1,490,641	1,827,122	1,388,234
Wholesale	2,222,360	2,233,746	2,057,502	2,251,409	2,132,688	2,526,034	2,127,576	2,395,461
<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>	<b>12,252,149</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>	<b>17,937,539</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	1,278,411
<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>	<b>\$ 19,215,950</b>

Notes:

\* 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.

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				
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	
2009	70,040,000	170,000	1,161,728	-	-	11,190,000	-	82,561,728	2.74%	1,591	

\* 2008 per capita income of \$58,141 from US Bureau of Economic Analysis; data not yet available for 2009.

\*\* 2009 population total of 51,890 from State of Washington Office of Financial Management.

Schedule 11

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property*</b>	<b>Per Capita</b>
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
2009	70,040,000	0.48%	1,350

Source: King County Assessor

\* In 2009 the estimated value of real and personal property in the City of Redmond was \$14,538,851,647

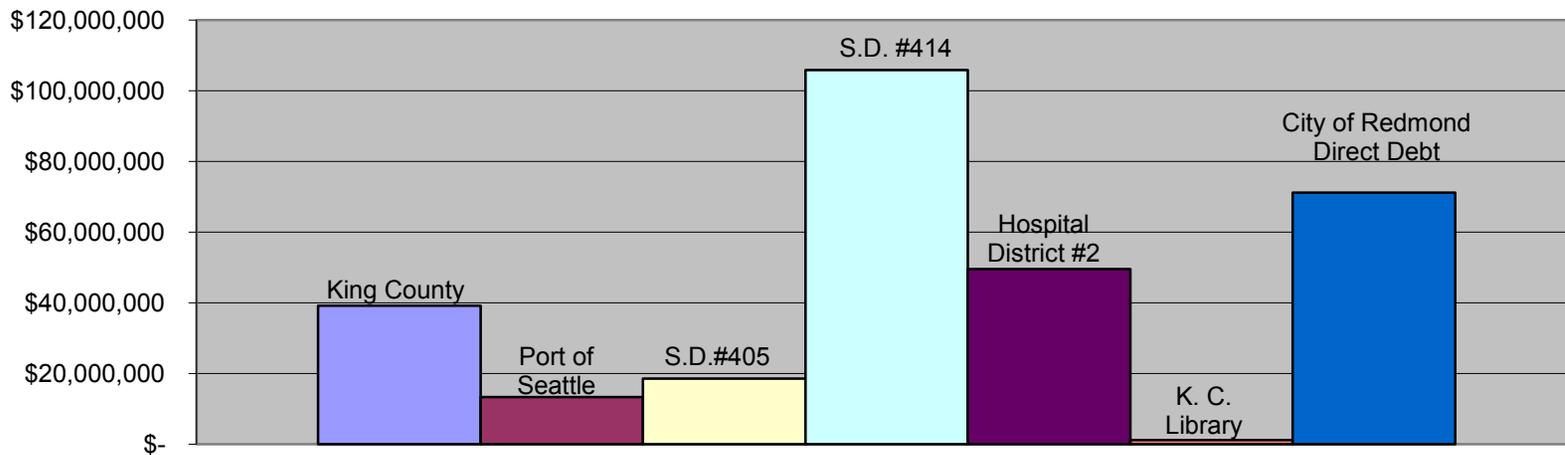
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 12

Direct and Overlapping Governmental Activities Debt

As of December 31, 2009

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
King County	\$ 1,045,977,000	3.75%	\$ 39,224,138
Port of Seattle	357,315,000	3.75%	13,399,313
School District #405	306,096,714	6.08%	18,610,680
School District #414	367,471,642	28.81%	105,868,580
Hospital District #2	235,160,467	21.07%	49,548,310
King County Library	129,221,246	0.91%	1,175,913
<b>Total Overlapping Debt</b>	<b>2,441,242,069</b>		<b>227,826,935</b>
<b>Direct Debt: City of Redmond**</b>	<b>71,201,728</b>	<b>100.00%</b>	<b>71,201,728</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 2,512,443,797</b>		<b>\$ 299,028,663</b>



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

\*\*City of Redmond Overlapping Debt - [prev. year] Tax Roll

Source:King County Finance Office; King County Assessor

The City of Redmond

Schedule 13

Legal Debt Margin Information (in thousands)

Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 467,390	\$ 538,250	\$ 617,222	\$ 644,334	\$ 660,118	\$ 699,028	\$ 773,319	\$ 838,540	\$ 955,493	\$ 990,408
Total net debt applicable to limit	15,130	11,675	10,439	11,498	47,218	43,496	42,259	40,287	72,182	69,767
Legal debt margin	\$ 452,260	\$ 526,575	\$ 606,783	\$ 632,836	\$ 612,900	\$ 655,532	\$ 731,060	\$ 798,253	\$ 883,311	\$ 920,641
Total net debt applicable to limit as a percentage of debt limit	3.24%	2.17%	1.69%	1.78%	7.16%	6.23%	5.46%	4.80%	4.80%	7.04%

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.

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Space	Utility Purposes	
December 31, 2009 Assessed Value: \$13,205,438,085					
2.50% of Assessed Value	\$ -	\$ 330,136	\$ 330,136	\$ 330,136	\$ 990,408
1.50% of Assessed Value	198,082	(198,082)	-	-	-
<b>Statutory Debt Limit</b>	198,082	132,054	330,136	330,136	990,408
Debt Outstanding:					
Bonds	68,970	1,070	-	-	70,040
Total Debt Outstanding	68,970	1,070	-	-	70,040
Less amount available in Debt Service Fund	-	274	-	-	274
<b>Net Debt Outstanding</b>	68,970	796	-	-	69,766
<b>Remaining Debt Capacity</b>	\$ 129,112	\$ 131,258	\$ 330,136	\$ 330,136	920,642

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

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			
				Principal	Interest			Principal	Interest	Coverage	
2000	\$ 16,432,448	\$ 14,194,689	\$ 2,237,759	\$ 365,000	\$ 204,479	3.13	\$ 1,756,271	\$ 726,036	\$ 304,622	1.70	
2001	17,352,101	14,067,650	3,284,451	385,000	188,510	3.93	1,127,685	1,140,410	275,113	0.80	
2002	19,605,245	15,955,300	3,649,945	400,000	170,800	5.73	981,313	1,350,000	226,862	0.62	
2003*	N/A	N/A	N/A	N/A	N/A	N/A	541,955	740,000	147,442	0.61	
2004*	N/A	N/A	N/A	N/A	N/A	N/A	487,101	335,000	106,935	1.10	
2005*	N/A	N/A	N/A	N/A	N/A	N/A	296,953	365,000	82,519	0.66	
2006*	N/A	N/A	N/A	N/A	N/A	N/A	273,089	265,000	55,532	0.85	
2007*	N/A	N/A	N/A	N/A	N/A	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	
2009	40,094,938	28,376,280	11,718,658	565,000	532,513	10.68	92,929	360,000	25,796	0.24	

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.

\* Revenue bond coverage ratio is not applicable as bonds were called early and paid off.

\*\* 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.

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***</b>	<b>Housing Units Housing Units</b>	<b>Unemployment Rate#</b>
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	2,983,796	58,141	8,098	23,144	3.6
2009	51,890	-	-	8,369	23,323	6.6

\* State of Washington, Office of Financial Management.

\*\* King County Per Capita Personal Income as provided by Bureau of Economic Analysis and applied to Redmond Personal Income.

\*\*\* 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).

Schedule 16

Principal Employers

Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment**	Employees	Rank	Percentage of Total City Employment***
Microsoft Corporation (includes M S N B C)	41,379	1	51.25%	13,831	1	21.05%
Genie Industries	1,463	2	1.81%	2,281	4	3.47%
AT&T Mobility	1,302	3	1.61%	1,573	5	2.39%
Lake Washington School District *	1,187	4	1.47%	2,314	3	3.52%
Volt Technical Resources, LLC (includes VMC Consulting)	1,105	5	1.37%	-	-	0.00%
Wyndham (includes Resort Development, Ownership & Resorts)	799	6	0.99%	746	10	1.14%
Nintendo of America Inc. (includes Nintendo Software Technology)	743	7	0.92%	1,140	7	1.73%
Eurest Dining Services @ Microsoft	732	8	0.91%	-	-	
Honeywell	676	9	0.84%	-	-	
United Parcel Service	628	10	0.78%	-		
Safeco Insurance Co.*	-	-	-	2,400	2	3.65%
Eddie Bauer, Inc.	-	-	-	1,129	8	1.72%
Spacelabs Medical, Inc.	-	-	-	755	9	1.15%
Allied Signal Avionics	-	-	-	-		
Primex Aerospace Co.	-	-	-	-		
Group Health *	-	-	-	1,183	6	1.80%
<b>TOTAL</b>	<b>50,014</b>		<b>61.95%</b>	<b>27,352</b>		<b>39.82%</b>

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

\*Employer exempt from business license requirement

\*\*Total City employment including exempt businesses listed is 80,746 for 2009.

\*\*\*Total City employment including exempt businesses listed was 65,717 for 2000.

Schedule 17

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
Executive	5.00	5.00	5.00	5.00	5.00	5.00	11.00	11.50	11.00	14.00
Finance and Information Services	49.22	55.22	55.22	58.60	58.60	58.60	58.60	62.60	63.60	59.97
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.63	9.63	13.43
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	60.57	60.57	58.24	58.24	56.24	50.24	50.81	58.31	50.72
<b>Security</b>										
Police	107.50	110.50	110.50	110.50	110.50	110.50	110.50	115.50	127.50	128.40
Fire	104.20	106.20	106.20	134.20	134.20	137.20	141.20	149.20	171.20	168.50
<b>Culture and Recreation</b>	48.73	50.24	50.24	51.12	51.12	50.82	50.82	54.12	62.22	62.67
<b>Public Works</b>	83.87	91.68	91.68	84.18	84.18	77.18	77.18	75.75	77.75	79.05
<b>Water/Wastewater</b>	36.41	36.88	36.88	37.13	37.13	38.78	38.78	39.60	39.60	40.60
UPD Water/Wastewater	6.50	6.84	6.84	6.84	6.84	5.94	5.94	5.94	5.94	5.94
Stormwater Management	19.68	28.49	28.49	26.49	26.49	29.46	29.46	29.77	29.77	28.77
<b>Total</b>	<b>525.93</b>	<b>563.87</b>	<b>563.87</b>	<b>584.55</b>	<b>584.55</b>	<b>581.97</b>	<b>585.97</b>	<b>608.67</b>	<b>660.77</b>	<b>656.30</b>

Source: City Budget Office

Schedule 18

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>										
Calls dispatched	23,433	22,300	21,693	22,739	23,488	24,036	24,473	24,276	24,286	27,030
Parking violations	-	-	-	-	-	1,092	1,140	1,189	1,137	1,116
Traffic violations	-	-	-	-	-	7,183	8,120	7,381	9,381	10,532
<b>Fire</b>										
Calls for service (fire and aid)	6,364	6,273	6,625	7,999	9,736	9,733	10,905	9,896	10,508	10,740
Average response time (fire & aid) - minutes & seconds	-	-	-	7:06	6:54	7:11	7:27	7:14	6:30	6:30
Fire prevention maintenance inspections	-	-	-	-	-	803	1,421	1,394	1,500	2,587
Operations inspections ***	-	-	-	-	-	645	484	19 **	495	-
<b>Culture and Recreation</b>										
Preschool registrations	11,465	10,727	10,205	11,256	11,777	12,230	12,851	25,000 #	21,412	19,456
Youth registrations	16,154	16,600	15,388	17,307	18,684	19,132	20,292	24,377	26,415	18,046
Teen program registrations	7,135	16,314	13,171	21,642	21,264	27,753	25,843	28,047	25,097	18,722
Adult program registrations	14,749	17,183	18,947	37,656	37,843	47,044	54,585	61,450	59,959	43,151
Senior Center participants	44,397	48,741	65,288	75,386	74,816	75,612	84,752	45,028 ###	45,807	37,443
<b>Utility Services ###</b>										
Residential units served	9,453	9,846	9,943	10,985	11,755	12,284	12,805	13,195	13,563	13,669
Commercial units served	1,306	1,319	1,333	1,380	1,389	1,416	1,440	1,451	1,474	1,482
Water-Average daily demand (gallons)		5,700,000	5,916,880	7,009,225	7,026,998	6,489,890	6,981,844	6,520,473	6,506,569	65,754,372

\* 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  
\*\*\* Data is no longer seperated for maintenance inspections  
# 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

Schedule 19

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years\*

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	49	49	49	50	45
Fire										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of fire engines	n/a	8	8	8	9	9	9	11	11	9
Number of aid vehicles	n/a	7	7	**13	13	13	16	15	15	16
Transportation										
Center lane miles of paved roads	130	130	131	131	131	136	136	137	138	140
Traffic signals	69	78	80	83	87	89	89	90	91	95
Street lights	n/a	n/a	943	970	983	983	983	1,132	1,290	1,286
Bridges	7	8	8	8	8	9	9	9	9	9
Culture and Recreation										
Number of developed parks	21	22	25	28	29	30	30	30	30	30
Number of undeveloped parks	14	16	14	16	14	13	9	7	7	8
Acres of developed parks	1,025	1,046	1,087	1,129	1,131	1,168	1,200	1,200	1,172	1,203
Acres of undeveloped parks	340	319	216	189	173	148	105	105	105	106
Miles of developed trails	17	20	24	24	25	25	44	44	44	44

Schedule 19 (continued)

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years\*

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Utility Services										
Water										
Storage Capacity (millions of gallons)	26.6	26.6	26.6	31.8	31.8	31.8	31.8	31.8	31.8	31.8
Number of wells	4	5	5	5	5	5	5	5	5	5
Miles of main	235	255	280	280	280	283	304	309	315	327
Sewer										
Number of manholes	5,400	5,464	5,609	6,743	6,791	6,791	5,918	6,733	6,937	6,645
Miles of main***	200	202	221	216	218	218	194	214	219	211
Number of pumplift stations***	16	16	16	15	15	15	21	23	23	23
Stormwater										
# of manholes/catch basins	7,800	7,862	7,913	8,552	15,158	15,158	9,621	9,951	10,327	10,475
Miles of pipe***	235	238	252	164	169	169	162	167	172	173
Oil water separators***	200	201	211	24	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.