City of Redmond, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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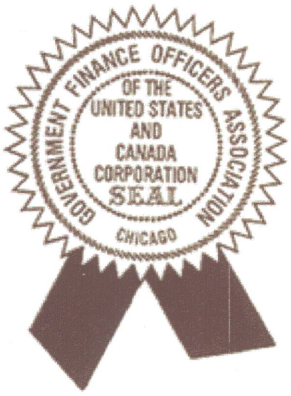
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Redmond
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



President

Executive Director

CITY OF REDMOND ELECTED OFFICIALS

MAYOR
John Marchione

John Marchione

COUNCIL

Richard Cole
President

John "Pat" Vache
Vice President

Kim Allen

David Carson

John Stilin

Hank Margeson

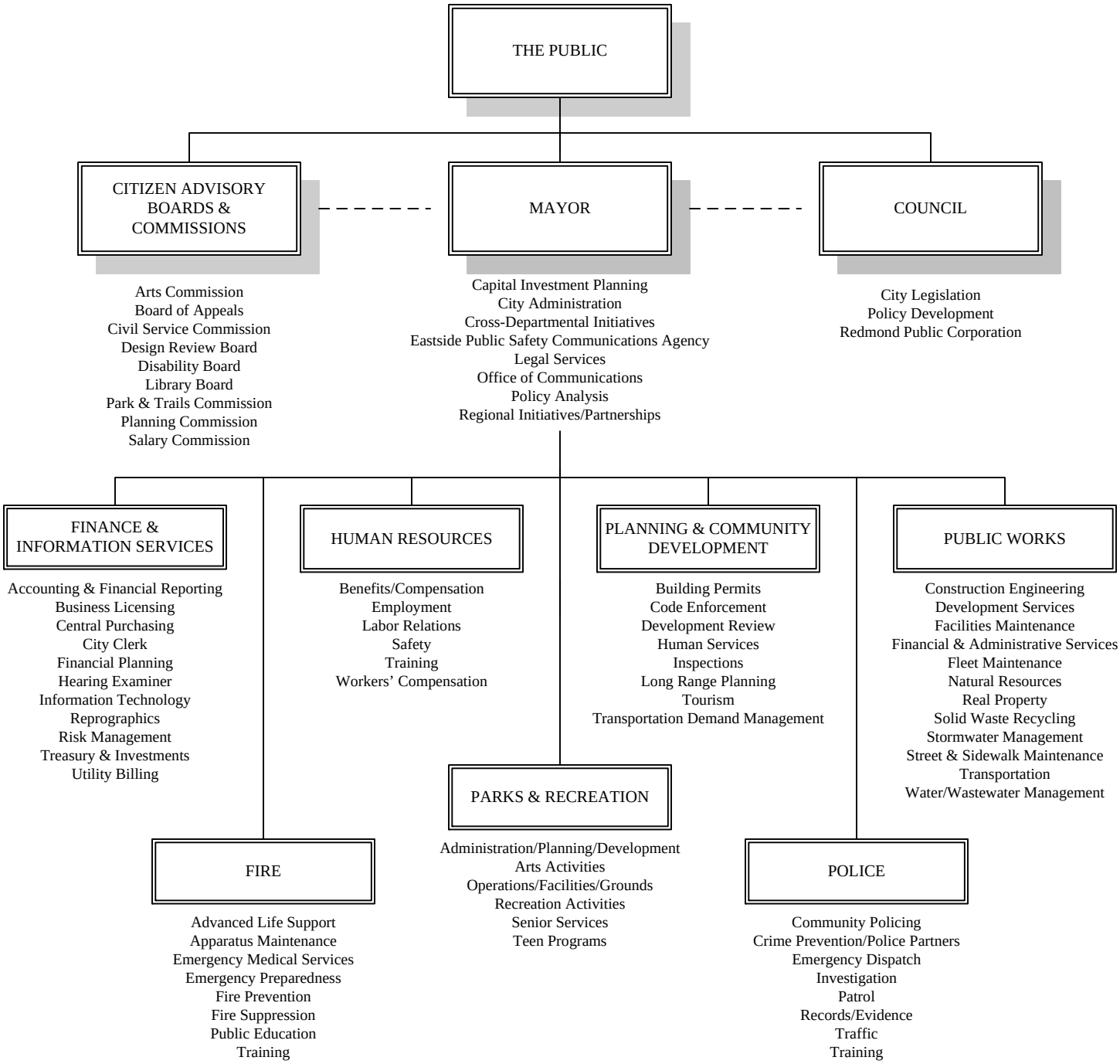
Hank Myers

EXECUTIVE STAFF AND LEGAL COUNSEL

Assistant to the Mayor	Jane Christenson
Finance and Information Services Director	Michael Bailey
Fire Chief	Tim Fuller/Kevin Donnely
Human Resources Director	Kerry Sievers
Parks and Recreation Director	Craig Larsen
Planning and Community Development Director	Rob Odle
Police Chief	Ron Gibson
Public Works Director	William Campbell
City Attorney	James Haney, Ogden Murphy Wallace
Bond Attorney	Gottlieb Fisher PLLC
Prosecutor	Richard Mitchell

ORGANIZATIONAL STRUCTURE

CITY OF REDMOND



July 29, 2011

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, 2010. 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.

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 nineteenth largest city in the state of Washington encompassing an area of 17.14 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 2011 population of 55,360.

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 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 experienced significant growth in 2007 and 2008. 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 nation. Development related revenues grew significantly in 2007 and stabilized in 2008 before beginning to trend downward toward the end of the year. Employment growth and economic activity in the Puget Sound region began to decline significantly over the next year. With unemployment in the Seattle metro area being just 3.5% as recently as 2007, it is 8.5% as of this writing. Much of the employment growth in Redmond over the last decade or so has been led by Microsoft and the technology sector. This has stabilized over the past few years as well. 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 in 2007 and 2008. Nintendo has also replaced and expanded its US headquarters within the City with three new office buildings as well. The jobs related to this development and others like it have helped to create needs for housing and other support industries. These have propelled the Redmond economy in the past. Since that time (starting in late 2008), declines in development related activity have contributed to a slowing of the Redmond economy. Ongoing revenues such as property tax, sales tax, business license fees and utility taxes declined modestly following these years of significant growth and should be stable over the long term as a result of the nature of our local economy. This stability won't equate to the growth we have seen in 2007 and 2008 but will be much more modest.

Other significant projects in the downtown area include large condominium and condominium developments, new medical facilities, a new hotel and a new transit oriented multi-use design development that combines residential, commercial and a downtown transit center. The city is continuing to make major investments in roadways, utility infrastructure and parks facilities in pursuit of the transformation of its two urban centers (the historic downtown and the "Overlake" area (which is the primary location of technology firms).

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 was used again for the 2011/2012 budget 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. The City again issued bonds to finance acquisition of park land in the downtown in early 2011. More about city bonds and debt can be found in the Notes to the financial statement in this report.

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.

Major Initiatives

The City continues its tradition of significant investments in capital facilities needed to provide services to our community. Investments in general government capital facilities amounted to over $32 million in 2011. Construction projects completed in 2011 ranged from significant improvements such as completion of a new (and additional) firestation to serve a growing residential area to roadway construction and significant park improvements. Investments in capital assets of the city's utilities amounted to $18.9 million in 2011 and included investments in regional surface water facilities and other amenities.

The city has continued to build community connections in a variety of ways. This was especially true of 2011, the city's centennial year. The centennial celebration included such community based activities as arts walks, history walks and expansion of ongoing events. Two successful ongoing community events were again featured and expanded in 2011, Derby Days and Redmond Lights. Derby Days, held in mid-July, celebrates the 4th of July holiday and Redmond's bicycling heritage. The second event, Redmond Lights is the City's annual year-end holiday celebration, running from early December through early January. The city also began to see widespread use of its newest park attraction – a downtown park. Though the park is not "developed" into more than a nice lawn at this point, that did not stop the growing downtown residential community from enjoying events staged in this new space for the first time.

Another growing and significant community based activity is the city's "National Night Out". This neighborhood based event started in many communities as a way to connect public safety services to like-minded residents. While this event has faded from the national attention it once got, in Redmond it has continued to grow into a significant point of connection between the city, its neighborhoods and amoung the neighbors themselves.

Lastly, this annual financial report is prepared with significant changes within the financial management tools of the city. First, this is the first report wherein the city is implementing the Governmental Accounting Standards Board's Statement 54. This far-reaching change to accounting guidance resulted in changes to reporting for the city's various funds and how the city reports on capital projects. Detailed in Note 5 to the financial statements, GASB 54 resulted in changes not only to the financial statements but also to the way in which the city manages its financial affairs. Seconldy, the city implemented a new financial management system in 2011. This system, Microsoft's Dynamics AX 2012 for the public sector, is a brand new product from Microsoft (which is headquartered in Redmond). The city partnered with Micosoft in the development of this very sophisticated set of tools and implemented numerous integrations with other related technologies in the city. The system was implemented on July 5, 2011 using a "pre-release" version of the product. Prior to year-end the city converted this product to the market release version and is current with regard to updates to the product. This was a very challenging project inasmuch as the product was brand new and our field testing of it identified issues which needed to be resolved. Those issues were resolved and we have successfully used the product now for more than a year. We appreciate the efforts of Microsoft and Tyler Technologies (the implementation partner) in making this system a great platform for future innovatioinand efficiencies in managing these important responsibilities.

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, 2010. This was the twenty-fifth 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. We will not be submitting the 2011 report for this award as the new financial system referred to above has resulted in taking more time in preparing the report. We do expect to submit subsequent reports for the GFOA recognition.

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the efforts and dedication of City staff. This is especially true in light of the new financial sytem. I am very proud of those who have dedicated numerous hours of service to the community in this effort. 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

September 26, 2012

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, 2011, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated September 26, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9, budgetary comparison information on page 64, fireman's pension plan information on page 63, and LEOFF 1 medical benefits information on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements and supplementary information on pages 65 through 104 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 do not express an opinion or provide any assurance on it.

Sincerely,

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, 2011, and for the City's financial position at December 31, 2011. 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. Particular attention should be paid to the discussion regarding the city's implementation of GASB's Statement 54. Implementing this statement has resulted in many changes to the presentation of financial information as detailed in Note 5 of the financial statements.

Financial Highlights

- Net assets, the amount by which total assets exceed total liabilities, equaled $660,698,559 at the end of 2011. The City's net assets increased by $19,094,345 or 2.98% in 2011. Governmental activities had a increase of $7,252,648 or 2.10% from 2010. The increase is predominantly due to an investment in fixed assets (primarily infrastructure). The details regarding these can be found in Note 7 to the financial statements. An additional area of increase is the net assets is the amounts restricted for future capital projects. Business-Type activities had an increase of $11,841,692 or 3.99% from 2010 which is again largely attributed to increased investment in fixed assets. This reflects the city's commitment to investment in its capital infrastructure.

- Of the remaining net assets, $47,237,857 and $37,828,747 are restricted and unrestricted, respectively, for Governmental Activities, while $2,220,500 and $50,415,020 are restricted and unrestricted respectively for Business-Type Activities. The major component of the legally restricted portion is for capital projects, which account for $36,686,924 or 78% of total restricted net assets citywide compared to $18,406,405 or 46.78% in 2010.

- Governmental fund balances at year-end were $77,713,932 a decrease of $1,839,036 from the prior year. The City experienced a reduction in cash and investments of $2,477,490 but also had a reduction in total liabilities of $2,189,190. The City saw an increase of $6,601,779 in unassigned (formerly unreserved) fund balance in the general fund and amounts available to fund ongoing activities. Other legally restricted or committed by City policy fund balances are $6,330,833, $1,754,636 and $35,695,108 for special revenue, debt service, and capital improvement projects (CIP) fund purposes, respectively.

Budget Adjustments

The difference between the original budget and final budget for the general fund for the biennium 2011-2012 totaled an increase of $2,058,981 in revenues and $11,607,136 in expenditures which accounts for a budgetary decrease of $9,548,155 of total net assets of the City. The result is to reduce the anticipated excess of revenues over expenditures from $12,705,625 to $3,157,470. These adjustments included an increase in the budgets for transportation and parks maintenance and capital projects, as well as economic development. The adjustments occurred as part of the city's transition to comply with GASB Statement 54 as described in Note 5 to the financial statements.

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 primarily 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 the degree to which each function 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 (but not limited to) 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. These reports use a different "basis of accounting" than that used in 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 thirteen 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 in this statement 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. As discussed previously in this analysis, the City's compliance with GASB Statement 54 resulted in significant change to the reporting for the city's funds and is responsible for the reduction in the number of funds to be found in this report from 27 last year to the 13 included in the 2011 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. All budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

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

The City of Redmond has two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens and the community. Internal service funds are used to account for goods and services provided internally to various City departments. The same basis of accounting is used for proprietary funds in both the government-wide statements and the individual fund statements.

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 for 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, 2010 and 2011 total $641,604,214 and $660,698,559, respectively. Following is a condensed version of the government-wide statement of net assets for 2011 compared to 2010.

City of Redmond's Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 103,523	$ 105,724	$ 55,375	$ 56,804	$ 158,898	$ 162,528
Capital assets, net of accumulated depreciation	341,265	327,183	266,467	253,710	607,732	580,893
Total assets	$ 444,788	$ 432,907	$ 321,842	$ 310,514	$ 766,630	$ 743,421
Long-term liabilities	$ 80,490	$ 75,172	$ 10,853	$ 11,419	$ 91,343	$ 86,591
Other liabilities	12,430	13,120	2,159	2,106	14,589	15,226
Total liabilities	$ 92,920	$ 88,292	$ 13,012	$ 13,525	$ 105,932	$ 101,817
Net assets						
Invested in capital assets, net of related debt	$ 266,802	$ 257,663	$ 256,195	$ 242,798	$ 522,997	$ 500,461
Restricted	47,237	29,569	2,220	2,221	49,457	31,790
Unrestricted	37,829	57,384	50,415	51,970	88,244	109,354
Total net assets	$ 351,868	$ 344,616	$ 308,830	$ 296,989	$ 660,698	$ 641,605

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 2010 and 2011.

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

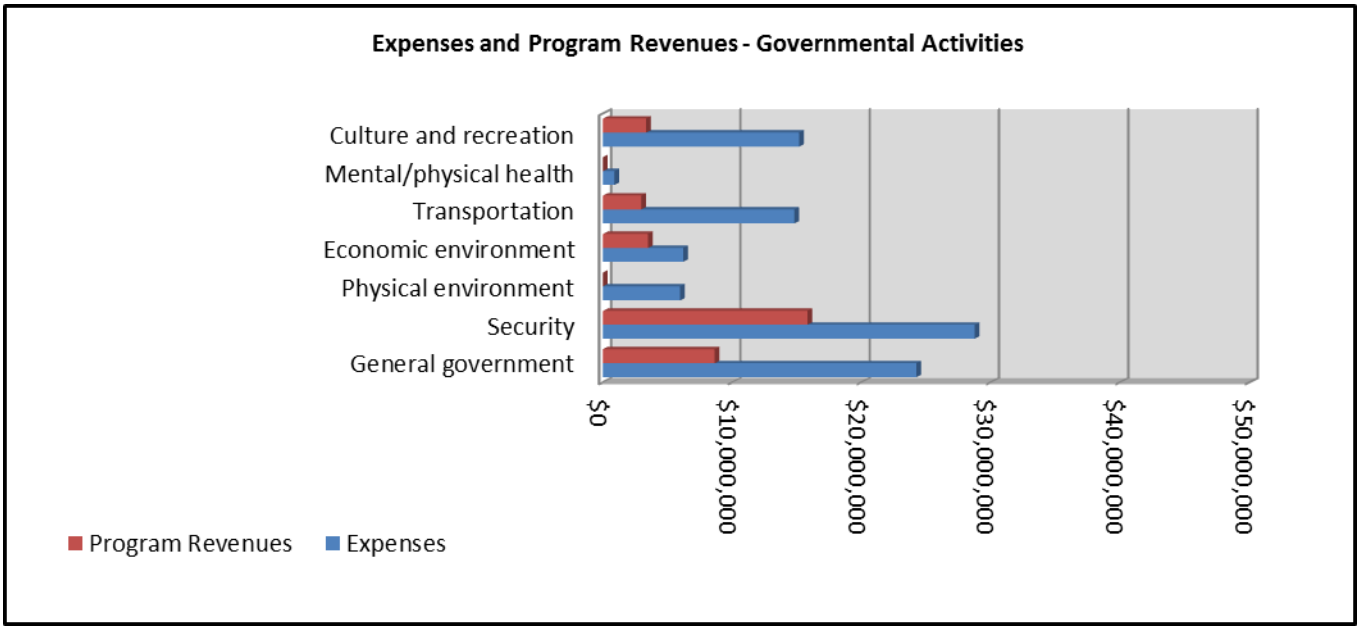
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	$ 34,283	$ 28,913	$ 44,981	$ 41,815	$ 79,264	$ 70,728
Operating grants and contributions	760	8,334	599	602	1,359	8,936
Capital grants and contributions	2,513	3,419	6,403	7,060	8,916	10,479
General revenues						-
Property taxes	21,978	20,930	-	-	21,978	20,930
Sales taxes	24,895	19,038	-	-	24,895	19,038
Other taxes	19,338	18,664	-	-	19,338	18,664
Investment interest	937	1,114	48	623	985	1,737
Miscellaneous	2,152	4,027	143	105	2,295	4,132
Total revenues	$ 106,856	$ 104,439	$ 52,174	$ 50,205	$ 159,030	$ 154,644
Expenses:						
General government	$ 24,253	$ 19,571	$ -	$ -	$ 24,253	$ 19,571
Security	28,751	36,764	-	-	28,751	36,764
Physical environment	5,976	5,283	-	-	5,976	5,283
Economic environment	6,218	5,719	-	-	6,218	5,719
Transportation	14,818	42,053	-	-	14,818	42,053
Mental/physical health	890	13	-	-	890	13
Culture and recreation	15,191	14,457	-	-	15,191	14,457
Interest on long term debt	3,506	1,813	-	-	3,506	1,813
Water/Wastewater	-	-	27,519	25,191	27,519	25,191
Novelty Hill Water/Wastewater	-	-	5,752	5,542	5,752	5,542
Stormwater	-	-	7,061	6,407	7,061	6,407
Total expenses	$ 99,603	$ 125,673	$ 40,332	$ 37,140	$ 139,935	$ 162,813
Increase/(Decrease) in net assets	7,253	(21,234)	11,842	13,065	19,095	(8,169)
Net assets - beginning	344,616	365,850	296,989	283,924	641,604	649,774
Net assets - ending	$ 351,869	$ 344,616	$ 308,830	$ 296,989	$ 660,699	$ 641,605

Governmental activities experienced an increase in total net assets of $7,252,648. Governmental activities accounts for 53% of the City's net assets in 2011.

Key elements of the 2011 increase are as follows:

- Total assets from Governmental activities increased by $11,880,607.
  - Cash and investments reflect a decrease of $1,850,136 from 2010 to 2011 (a change of 1.98%). This is consistent with the budget and plans of the City whereby cash accumulated for investments in infrastructure and technology were expended for those purposes during the year.
- Total liabilities from Governmental activities increased by $4,627,956 (5.24%).
  - Long-term debt increased by $4,607,656 as a result of the combination of $8.035 million in new bonds to fund park land acquisition and the principal payments on debt previously held by the City. See Note 12 to the financial statements for more information.
  - Accounts payable decreased by $104,800.
- The total revenue increased between 2010 and 2011 by $4,110,387. This increase largely related to taxes received in 2011 but consisted of several components.
  - Taxes in 2011 included a one-time payment of sales taxes of approximately $4.7million which resulted from an audit conducted by the Washington State Department of Revenue.
- Total expenses showed an decrease from 2010 to 2011 of $7,294,817.
  - This decrease was primarily attributable to the completion of a significant capital project in 2010, the "36th Street Bridge". This analysis (a comparison of the 2010 and 2011 expenditure patterns) is complicated by the implementation of GASB Statement 54. Many expenditures formerly classified as capital improvements have been reclassified as major maintenance and included in the city's General Fund.

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 2011.

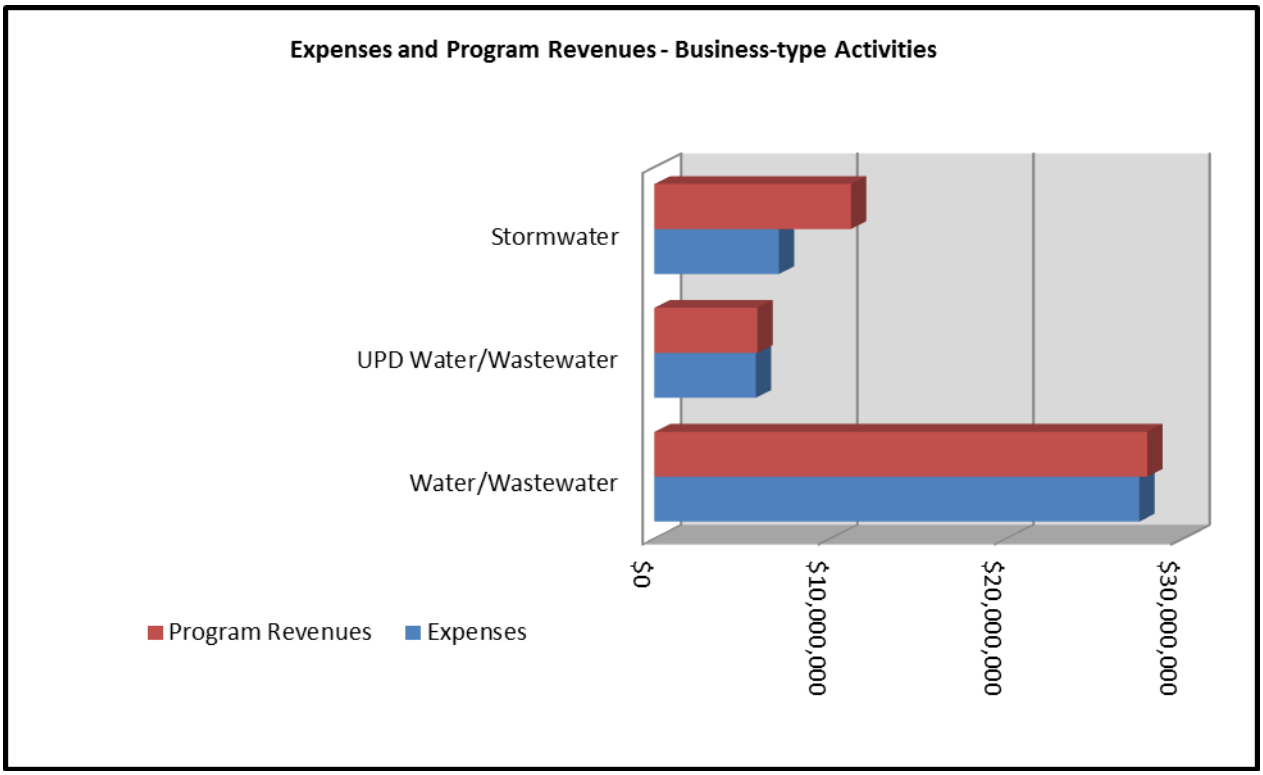


Business-type activities of the City's utilities increased the City of Redmond's net assets by $11,841,697 (3.99%). Business-type activities accounts for 47% of the City's net assets.

Key elements of this increase are as follows:

- The investments in capital assets increased $12,757,579 or 5.03% between 2010 and 2011.
- The Water/Wastewater utility showed another modest operating income of $457,835 in 2011 (compared to $700,097 in 2010) while the UPD Water/Wastewater utilities showed an operating income of $97,988. When non-operating income and capital contributions are included, the change in net assets is $3,380,978 for the Water/Wastewater utility and $1,651,928 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 a rail corridor which was finalized in 2010. Construction on this project commenced in 2012. The total operating revenue for 2011 was $11,154,082 with operating expenses of $7,061,279 for a net operating income of $4,092,803.

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 2010.



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

The City continued its commitment to investment in capital assets in 2011 as reflected in the following table. The increase from 2010 to 2011 was $26,839,985 or 4.62% from 2010.

Governmental activities increased $14,082,408 (4.30%) partially made up of:

- Purchase of the land for the new downtown park.
- Investment in transportation systems (roadways, sidewalks, etc.)

Business-Type Activities reflected an increase of $12,757,577 (5.03%) partially made up of:

- Purchase of land for use for stormwater trunk and other easements.
- Investments in utility systems such as pump stations and emergency power generation.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 85,065,414	$ 84,663,262	$ 12,453,045	$ 10,842,585	$ 97,518,459	$ 95,505,847
Buildings/ Bldg. Improvements	53,339,082	54,775,941	32,502,952	30,919,400	85,842,034	85,695,341
Improvements other than buildings	19,308,280	19,149,351	209,225,171	200,775,408	228,533,451	219,924,759
Machinery and equipment	12,491,423	13,273,005	173,627	242,977	12,665,050	13,515,982
Construction in progress	16,951,480	11,587,945	12,112,386	10,929,234	29,063,866	22,517,179
Infrastructure	153,765,346	143,405,331	-	-	153,765,346	143,405,331
Art	344,583	328,365	-	-	344,583	328,365
Total	$ 341,265,608	$ 327,183,200	$ 266,467,181	$ 253,709,604	$ 607,732,789	$ 580,892,804

Additional information on the City of Redmond's capital assets can be found in note 7 of this report.

Long-term debt

At the end of 2011, the City of Redmond had total bonded debt outstanding of $82,255,000. Of this amount, $72,270,000 is general obligation bonds (City Hall, Bear Creek Parkway, Parks and 1994 Refunding Bonds); and $9,985,000 is revenue bonded debt for the water/wastewater utility.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$72,270,000	$67,540,000	$ -	$ -	$72,270,000	$67,540,000
Special assessment debt with governmental commitment	-	-	-	-	-	-
Revenue bonds	-	-	9,985,000	10,600,000	9,985,000	10,600,000
Total	$72,270,000	$67,540,000	$9,985,000	$10,600,000	$82,255,000	$78,140,000

The increase in Governmental Activity long-term debt reflects the 2011 sale of bonds to finance acquisition of property for the new park in the downtown.

For further details related to the outstanding debt please refer to note 12 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 & InformationServices, City of Redmond, PO Box 97010, Redmond, WA 98073-9710.

CITY OF REDMOND
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 34,611,488	$ 5,797,369	$ 40,408,857
Cash with outside agencies	10,000	-	10,000
Investments (Note 4)	56,935,198	41,919,682	98,854,880
Receivables:			
Taxes	5,613,612	-	5,613,612
Accounts	108,272	3,731,258	3,839,530
Interest	419,133	187,556	606,689
Due from other governments	1,088,316	816,862	1,905,178
Inventory	50,414	48,403	98,817
Deferred charges	176,611	221,270	397,881
Prepaid insurance	561,869		561,869
Prepaid rent	104,166		104,166
Restricted assets:			
Deposit cash	-	432,383	432,383
Deposit investments	3,081,336	-	3,081,336
Cash	762,246	-	762,246
Revenue bond redemption investments	-	1,175,500	1,175,500
Rate stabilization fund	-	1,045,000	1,045,000
Capital assets (Note 7):			
Land, artwork, construction in progress	102,361,478	24,565,431	126,926,909
Depreciable capital assets, net	238,904,130	241,901,750	480,805,880
Total assets	444,788,269	321,842,464	766,630,733
LIABILITIES			
Accounts/claims	6,874,495	1,561,557	8,436,052
Employee wages	1,258,754	144,751	1,403,505
Interest	145,272	38,724	183,996
Due to other governments	166,730	-	166,730
Unearned revenues	865,371	-	865,371
Customer deposits	3,119,575	432,383	3,551,958
Noncurrent liabilities (Note 12):			
Due within one year	6,661,376	1,089,878	7,751,254
Due in more than one year	73,828,458	9,744,850	83,573,308
Total liabilities	92,920,031	13,012,143	105,932,174
NET ASSETS			
Invested in capital assets net of related debt (Note 7)	268,309,610	256,194,801	524,504,411
Restricted for:			
Advance life support	149,098	-	149,098
Cable access	1,242,452	-	1,242,452
Parks	715,956	-	715,956
Police	91,341	-	91,341
Fire	346,378	-	346,378
Debt service	1,754,636	1,175,500	2,930,136
Capital projects	36,686,924	-	36,686,924
Tourism	358,232	-	358,232
Planning	2,117,048	-	2,117,048
Recycling	318,512	-	318,512
Replacement	3,457,280	-	3,457,280
Rate stabilization fund	-	1,045,000	1,045,000
Unrestricted	36,320,771	50,415,020	86,735,791
Total Net Assets	$ 351,868,238	$ 308,830,321	$ 660,698,559

See accompanying notes to the financial statements.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 24,253,118	$ 8,639,783	$ 107,651	$ 204,221	$ (15,301,463)	$ -	$ (15,301,463)
Security	28,750,670	15,825,078	503,453	-	(12,422,139)	-	(12,422,139)
Physical environment	5,976,328	-	31,914	97,363	(5,847,051)	-	(5,847,051)
Economic environment	6,218,376	3,490,591	-	23,016	(2,704,769)	-	(2,704,769)
Transportation	14,817,903	2,970,941	83,198	2,171,265	(9,592,499)	-	(9,592,499)
Mental/physical health	889,741	5,045	-	-	(884,696)	-	(884,696)
Culture and recreation	15,190,646	3,351,171	34,000	17,075	(11,788,400)	-	(11,788,400)
Interest on long-term debt	3,506,188	-	-	-	(3,506,188)	-	(3,506,188)
Total governmental activities	99,602,970	34,282,609	760,216	2,512,940	(62,047,205)	-	(62,047,205)
Business-type activities							
Water/Wastewater	27,519,397	27,977,232	16,394	3,170,605	-	3,644,834	3,644,834
UPD Water/Wastewater	5,751,935	5,849,918	-	1,395,025	-	1,493,008	1,493,008
Stormwater	7,061,279	11,154,082	582,882	1,837,257	-	6,512,941	6,512,941
Total business-type activities	40,332,611	44,981,232	599,276	6,402,887	-	11,650,784	11,650,784
Total government	$ 139,935,581	$ 79,263,841	$ 1,359,492	$ 8,915,827	(62,047,205)	11,650,784	(50,396,420)
General revenues							
Taxes							
Property					21,977,613	-	21,977,613
Sales					24,895,152	-	24,895,152
Business and Occupation					16,523,314	-	16,523,314
Excise					2,815,185	-	2,815,185
Liquor					-	-	-
Unrestricted investment interest					937,288	519,056	1,456,344
Miscellaneous					2,063,183	142,663	2,205,846
Investment interest expense					-	(470,811)	(470,811)
Gain on sale of capital assets					88,118		88,118
Total general revenues					69,299,853	190,908	69,490,765
Change in net assets					7,252,648	11,841,692	19,094,345
Net assets-beginning					344,615,590	296,988,629	641,604,214
Net assets-ending					$ 351,868,238	$ 308,830,321	$ 660,698,559

See accompanying notes to the financial statements.

CITY OF REDMOND
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Capital Improvements Program Fund	Other Governmental Funds	Governmental Funds Total
ASSETS				
Cash and cash equivalents	$ 5,127,461	$ 22,756,178	$ 3,081,620	$ 30,965,259
Cash with outside agency	-	-	10,000	10,000
Investments	27,956,934	14,048,703	4,927,383	46,933,020
Receivables:				-
Taxes	5,355,689	-	257,923	5,613,612
Accounts	99,555	8,717	-	108,272
Interest	201,770	92,568	15,216	309,554
Due from other funds	-	-	-	-
Due from other governments	486,835	453,728	147,753	1,088,316
Prepayments	-	104,166	-	104,166
Restricted assets:				
Deposit cash	-	-	-	-
Deposit investments	3,081,336	-	-	3,081,336
Cash	-	-	-	-
Deferred charges	-	-	-	-
Total Assets	$ 42,309,580	$ 37,464,060	$ 8,439,895	$ 88,213,535
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/claims payable	$ 3,458,643	$ 1,725,748	$ 274,234	$ 5,458,625
Employee wages payable	1,127,238	14,516	70,641	1,212,395
Due to other funds	-	-	-	-
Due to other governments	166,730	-	-	166,730
Payable from restricted assets:				
Deposits payable	3,081,336	28,688	9,551	3,119,575
Deferred revenues	540,945	-	-	540,945
Unclaimed property	1,333	-	-	1,333
Total liabilities	8,376,225	1,768,952	354,426	10,499,603
Fund balances: (Note 1)				
Non-spendable	-	-	-	-
Spendable:				
Restricted	-	17,573,422	6,704,623	24,278,045
Committed	22,827,874	18,121,686	1,380,846	42,330,406
Assigned	-	-	-	-
Unassigned	11,105,481	-	-	11,105,481
Total fund balances	33,933,355	35,695,108	8,085,469	77,713,932
Total liabilities and fund balances	$ 42,309,580	$ 37,464,060	$ 8,439,895	

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.	335,605,818
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 3)	244,524
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.	18,700,303
Some liabilities, including bonds,loans, and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 3)	(80,396,339)
Net assets of governmental activities	$ 351,868,238

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Improvements Program Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 61,705,416	$ 1,119,800	$ 3,386,053	$ 66,211,269
Licenses and permits	6,510,382	-	-	6,510,382
Contributions from property owners	153,257	10,000	106,393	269,650
Intergovernmental	10,434,725	2,380,941	5,588,264	18,403,930
Charges for services	4,344,218	3,064,948	2,450,804	9,859,970
Fines and forfeitures	2,200,648	-	3,218	2,203,866
Investment income	354,900	435,613	65,100	855,613
Miscellaneous	365,402	296,730	310,581	972,713
Total Revenues	86,068,948	7,308,032	11,910,413	105,287,393
EXPENDITURES				
Current				
General government	12,885,060	-	58,224	12,943,284
Security of persons and property	36,656,597	-	5,534,496	42,191,093
Physical environment	3,786,636	-	618,580	4,405,216
Transportation	7,097,926	-	1,101,666	8,199,592
Economic environment	4,743,190	-	120,356	4,863,546
Mental/physical health	889,741	-	-	889,741
Culture and recreation	8,483,736	-	2,158,584	10,642,320
Capital outlay	964,140	23,342,490	284,627	24,591,257
Debt service:				
Principal	-	1,409,431	2,175,000	3,584,431
Interest and debt issue costs	-	1,845,448	1,729,086	3,574,534
Total Expenditures	75,507,026	26,597,369	13,780,619	115,885,014
Excess (deficiency) of revenues over (under) expenditures	10,561,922	(19,289,337)	(1,870,206)	(10,597,621)
OTHER FINANCING SOURCES (USES)				
Bond/loan proceeds	-	-	8,643,290	8,643,290
Insurance proceeds	2,598	-	-	2,598
Disposition of capital assets	7,200	-	10,500	17,700
Transfers in (Note 11)	6,139,893	14,442,126	4,489,384	25,071,403
Transfers out (Note 11)	(8,581,965)	(6,735,034)	(9,659,407)	(24,976,406)
Total other financing sources and uses	(2,432,274)	7,707,092	3,483,767	8,758,585
Net change in fund balances	8,129,648	(11,582,245)	1,613,561	(1,839,036)
Fund balances-beginning	25,803,707	47,277,353	6,471,908	79,552,968
Fund balances-ending	$ 33,933,355	$ 35,695,108	$ 8,085,469	$ 77,713,932

See accompanying notes to the financial statements.

CITY OF REDMOND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Amounts reported for governmental funds in the statement of activities are different because:		
Net change in fund balances-total governmental funds.	$	(1,839,036)
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 of $24,591,257 exceeded depreciation of $9,008,432 and new assets of $652,942 in the current period.		16,235,767
A CIP reduction that does not result in an increase in depreciable assets reflects an increase in expenses on the statement of activities but not in the governemental funds. (Note 7)		(1,532,621)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note 3)		283,031
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)		(5,058,859)
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.		(537,766)
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)		(297,868)
Change in net assets of governmental activities.	$	7,252,648

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-type Activities Enterprise Funds				Governmental Activities
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,273,200	$ 994,239	$ 2,529,930	$ 5,797,369	$ 4,408,475
Investments	8,983,077	9,082,582	23,854,023	41,919,682	10,002,178
Accounts and contracts receivables	2,641,695	90,065	999,498	3,731,258	-
Interest receivables	50,682	38,511	98,363	187,556	41,666
Due from other government	16,394	319,964	480,504	816,862	-
Inventory	48,403	-	-	48,403	50,414
Pre-paid insurance	-	-	-	-	561,869
Restricted assets:					
Customer deposits:					
Cash and cash equivalents	283,255	132,000	17,128	432,383	-
Revenue bond redemption:					
Cash	-	-	-	-	-
Investments	1,175,500	-	-	1,175,500	-
Rate stabilization fund:					
Rate stabilization fund	900,000	145,000	-	1,045,000	-
Total current assets	16,372,206	10,802,361	27,979,446	55,154,013	15,064,602
Noncurrent assets:					
Deferred charges	216,623	4,647	-	221,270	-
Capital assets:					
Land	2,901,812	3,274,106	6,268,352	12,444,270	584,292
Buildings	25,377,865	11,031,564	738,100	37,147,529	619,494
Leasehold improvements	-	-	-	-	-
Improvements other than buildings	153,605,279	59,696,200	51,743,235	265,044,714	309,513
Equipment	200,478	269,028	236,785	706,291	12,495,762
Construction in progress	924,557	65,505	11,122,324	12,112,386	-
Other property	8,775	-	-	8,775	-
Less accumulated depreciation	(39,773,750)	(10,437,770)	(10,785,264)	(60,996,784)	(8,349,271)
Total capital assets (net of depreciation)	143,245,016	63,898,633	59,323,532	266,467,181	5,659,790
Total noncurrent assets	143,461,639	63,903,280	59,323,532	266,688,451	5,659,790
Total assets	$ 159,833,845	$ 74,705,641	$ 87,302,978	$ 321,842,464	$ 20,724,392

CITY OF REDMOND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-type Activities Enterprise Funds				Governmental Activities
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	$ 741,869	$ 87,020	$ 732,668	$ 1,561,557	$ 1,415,870
Employee wages payable	94,253	692	49,806	144,751	46,359
Compensated Absences	239,104	2,460	208,314	449,878	215,627
Unearned revenues	-	-	-	-	323,093
Current liabilities payable from restricted assets:					
Customer deposits payable	283,255	132,000	17,128	432,383	-
Current bond principal	640,000	-	-	640,000	-
Accrued interest payable	38,724	-	-	38,724	-
Total current liabilities	2,037,205	222,172	1,007,916	3,267,293	2,000,949
Noncurrent liabilities:					
Revenue bonds payable, net	9,632,380	-	-	9,632,380	-
LID assessment	-	-	-	-	-
Compensated absences	59,776	615	52,079	112,470	23,140
Total noncurrent liabilities	9,692,156	615	52,079	9,744,850	23,140
Total liabilities	11,729,361	222,787	1,059,995	13,012,143	2,024,089
NET ASSETS					
Invested in capital assets, net of related debt	132,972,636	63,898,633	59,323,532	256,194,801	5,659,790
Restricted for debt service	1,175,500	-	-	1,175,500	-
Restricted for rate stabilization	900,000	145,000	-	1,045,000	-
Reserved for replacement	-	-	-	-	3,457,280
Unrestricted	13,056,348	10,439,221	26,919,451	50,415,020	9,583,233
Total net assets	$ 148,104,484	$ 74,482,854	$ 86,242,983	$ 308,830,321	$ 18,700,303

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Internal Service Funds
Operating revenues:					
Charges for services	$ 16,949,645	$ 4,342,207	$ 11,154,082	$ 32,445,934	$ 4,778,004
Metro service	11,027,587	1,507,711	-	12,535,298	-
Charges for replacement	-	-	-	-	2,093,345
Charges for insurance	-	-	-	-	10,843,904
Total operating revenues	27,977,232	5,849,918	11,154,082	44,981,232	17,715,253
Operating expenses:					
Administrative and general	4,504,502	494,859	2,634,729	7,634,090	334,467
Purchased water	4,717,588	1,793,026	-	6,510,614	-
Metro service	11,098,387	1,462,050	-	12,560,437	-
Supplies	-	-	-	-	257,706
Maintenance and operations	3,053,316	567,389	3,164,388	6,785,093	17,576,009
Taxes	574,188	134,927	190,648	899,763	-
Depreciation and amortization	3,571,416	1,299,684	1,071,514	5,942,614	1,179,210
Total operating expenses	27,519,397	5,751,935	7,061,279	40,332,611	19,347,392
Operating income (loss)	457,835	97,983	4,092,803	4,648,621	(1,632,139)
Nonoperating revenues (expenses):					
Interest and investment revenue	124,903	98,309	295,844	519,056	106,608
Grant income	16,394	-	582,882	599,276	-
Interest expense	(463,122)	-	-	(463,122)	-
Amortization of debt issue costs	(7,689)	-	-	(7,689)	-
Intergovernmental COBRA tax credit	-	-	-	-	11,078
Gain on sale of capital assets	-		-	-	110,446
Insurance recovery	-	-	-	-	960,538
Miscellaneous	82,052	60,611	-	142,663	700
Total nonoperating revenues (expenses)	(247,462)	158,920	878,726	790,184	1,189,370
Income before contributions and transfers	210,373	256,903	4,971,529	5,438,805	(442,769)
Capital contributions	3,170,605	1,395,025	1,837,257	6,402,887	-
Transfers in	-	-	-	-	7,800
Transfers out	-	-	-	-	(102,797)
Change in net assets	3,380,978	1,651,928	6,808,786	11,841,692	(537,766)
Total net assets - beginning	144,723,506	72,830,926	79,434,197	296,988,629	19,238,069
Total net assets - ending	$ 148,104,484	$ 74,482,854	$ 86,242,983	$ 308,830,321	$ 18,700,303

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 27,985,829	$ 6,143,260	$ 11,398,211	$ 45,527,300	$ 17,716,122
Cash received for replacement	-	-	-	-	-
Cash payments to suppliers	(23,891,335)	(4,610,534)	(5,734,837)	(34,236,706)	(7,614,676)
Cash payments to employees	(290,291)	(24,543)	(229,593)	(544,427)	(10,026,182)
Cash payments to other governments	-	-	-	-	-
Internal activity - payments to other funds	-	-	-	-	-
Other operating receipts	81,752	-	2,884	84,636	-
Other operating payments	-	-	-	-	24,093
Net cash provided (used) by operating activities	3,885,955	1,508,183	5,436,665	10,830,803	99,357
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Non-Operating transfers out	-	-	-	-	(102,797)
Dividends	-	-	-	-	-
Employee insurance premium contributions	-	-	-	-	-
Grant proceeds	-	-	-	-	-
Other non-operating revenues (expenses)	-	-	-	-	948,223
Residual equity transfers out	-	-	-	-	7,800
Net cash provided by noncapital financing activities	-	-	-	-	853,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(6,120,482)	(1,455,441)	(11,123,978)	(18,699,901)	(533,465)
Acquisition of other assets	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	110,446
Proceeds from sale of other assets	82,051	60,611	-	142,662	-
Capital contributions	3,170,606	1,395,024	1,837,256	6,402,886	-
Bond/grant proceeds	(639,116)	-	582,882	(56,234)	-
Interest paid on revenue bonds	(399,570)	-	-	(399,570)	859,938
Principal paid on other debt	-	-	-	-	-
Interest paid on other debt	-	-	-	-	-
Net cash provided (used) for capital and related financing activities	(3,906,511)	194	(8,703,840)	(12,610,157)	436,919
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment purchases	-	-	-	-	-
Investment sales/maturities	(894,850)	(1,963,861)	(471,840)	(3,330,551)	(2,894,838)
Interest on investments	118,902	(225,054)	300,661	194,509	86,126
Net cash provided (used) in investing activities	(775,948)	(2,188,915)	(171,179)	(3,136,042)	(2,808,712)
Net increase (decrease) in cash and cash equivalents	(796,504)	(680,538)	(3,438,354)	(4,915,396)	(1,419,210)
Cash and cash equivalents-beginning of year	3,352,959	1,806,777	5,985,412	11,145,148	5,827,685
Cash and cash equivalents-end of year	$ 2,556,455	$ 1,126,239	$ 2,547,058	$ 6,229,752	$ 4,408,475

CITY OF REDMOND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	Internal Service Funds
Cash at the end of the year consists of:					
Operating fund cash	$ 2,273,200	$ 994,239	$ 2,529,930	$ 5,797,369	$ 4,408,475
Bond reserve cash	-	-	-	-	-
Customer deposits	283,255	132,000	17,128	432,383	-
Total cash at end of year	$ 2,556,455	$ 1,126,239	$ 2,547,058	$ 6,229,752	$ 4,408,475
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 457,835	$ 97,983	$ 4,092,803	$ 4,648,621	$ (1,632,139)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	3,571,416	1,299,684	1,071,514	5,942,614	1,179,210
Decrease (increase) in accounts receivable	8,597	293,342	244,129	546,068	869
Decrease (increase) in inventory	518	-	(435,382)	(434,864)	2,066
Decrease (increase) in prepaid expenses	-	-	-	-	76,681
Decrease (increase) in projects in progress	-	-	-	-	-
Decrease (increase) in due from other governments	-	-	-	-	-
Increase (decrease) in accounts payable	(331,380)	(158,323)	358,445	(131,258)	57,122
Increase (decrease) due to other governments	-	-	-	-	-
Increase (decrease) in employee wages payable	15,286	(25,624)	63,216	52,878	34,858
Increase (decrease) in compensated absences payable	81,931	1,121	39,056	122,108	33,504
Increase (decrease) in customer deposits payable	81,752	-	2,884	84,636	-
Increase (decrease) in deferred revenue	-	-	-	-	347,186
Decrease (increase) in deferred charges	-	-	-	-	-
Net cash provided (used) by operating activities	$ 3,885,955	$ 1,508,183	$ 5,436,665	$ 10,830,803	$ 99,357
Noncash investing, capital and financing activities:					
Developers contributed infrastructure valued at	$ 2,413,743	$ 1,331,274	$ 924,437	$ 4,669,454	$ -
Other funds of the city transferred vehicles valued at	-	-	-	-	7,800
Fair value of investments decreased by	(18,805)	(15,691)	(40,563)	(75,059)	878

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2011

	Firemen's Pension Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 108,340	$ 953,225
Invested in Federal Agency Notes	983,480	
Receivables		
Accounts		1,962
Interest	4,940	
Total Assets	$ 1,096,760	$ 955,187
LIABILITIES		
Accounts payable	$	$ 12,403
Due to other governments		3,591
Custodial		356,243
Trust account		582,950
Total Liabilities	$ -	$ 955,187
NET ASSETS		
Held in trust for pension benefits	$ 1,096,760	$ -

See accompanying notes to the financial statements.

CITY OF REDMOND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

		Firemen's Pension Fund
ADDITIONS		
Intergovernmental revenue	$	135,412
Investment interest		12,517
Total additions		147,929
DEDUCTIONS		
Benefit payments		18,834
Administrative expenses		1,000
Total deductions		19,834
Change in net assets		128,095
Net assets-beginning		968,665
Net assets-ending	$	1,096,760

See accompanying notes to the financial statements.

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 14 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 inter-fund 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 the 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

There is a running two-month lag in remittance of sales tax to the City. Sales taxes collected in November and December are not remitted by the State to the City until January and February of the following year and they are reported as receivables at year-end. 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.

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.

Inter-fund 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 inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund 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 customers' deposits, bond reserve monies and impact fees.

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, vehicles 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 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:

Asset	Years
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

The City implemented GASB 54 for the fiscal year ending December 31, 2011. This pronouncement changed how the City classifies fund balances to better identify available resources and assess liquidity and financial flexibility. Fund balances are categorized as Nonspendable or Spendable amounts as indicated below.

Nonspendable Fund Balance: fund resources that are in a form that either *never* could be spent or in a form that is *temporarily* not spendable. This can include resources that are spendable in form, but are under legal restrictions that temporarily or permanently bar spending.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained.

Restricted Fund Balance: fund resources that are subject to restrictions that are *legally enforceable* by *outside parties*. This includes resources raised through enabling legislation.

Committed Fund Balance: fund resources that are legally limited by the *highest level* decision making in the entity. *Formal action* must be taken to impose limitations on the use of these resources, and *equivalent formal action* is required to modify or eliminate those limitations.

Assigned Fund Balance: fund resources that are limited by the entity for its intended use. This type of limitation can be imposed by the highest level of decision making within the entity or a designee, but little or no formal action is required to modify or eliminate those limitations.

Unassigned Fund Balance: fund resources that are in spendable form and are not restricted, committed or assigned.

The primary flow assumption utilized by the City is:

1. Restricted
2. Committed
3. Assigned
4. Unassigned

However, prior to the commencement of any project, the flow assumption is reviewed to ensure that the proper resources are being used.

The breakdown of what makes up each of fund balance categories from the Governmental Balance Sheet is shown below.

Restricted For:	
Planning-transportation	$2,117,048
Advance life support	149,098
Capital projects	18,565,238
Cable access	1,242,452
Police	91,341
Tourism	358,232
Debt service	1,754,636
	$24,278,045
Committed For:	
Parks	$ 2,386,834
Police	3,449,556
Fire	6,034,499
Recycling	318,512
Capital projects	19,393,753
Human services	34,395
Operating reserve	6,840,480
Equipment replacement	3,872,377
	$42,330,406

NOTE 2:
Stewardship, Compliance and Accountability

During 2011, 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	$	67,913
Deferred charge for bond issue costs		176,611
Net adjustment to increase fund balance - total governmental funds To arrive at net assets – governmental activities	$	244,524

Some liabilities, including bonds, loans and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:

G.O. Bonds payable	$	(72,270,000)
Unamortized bond premiums		(1,645,293)
Loans payable		(548,686)
Accrued interest payable		(145,272)
Compensated absences		(3,616,614)
Other post-employment benefits		(2,170,474)
Net adjustment to reduce fund balance - total governmental funds To arrive at net assets – governmental activities	$	(80,396,339)

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	$	307,964
Change in investment interest receivable due beyond the City's 60 day measurable and available period		(24,933)
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net assets- governmental activities	$	283,031

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	$	3,305,000
Public Works Trust Fund Loans repayment		279,431
Proceeds from long-term debt issuance		(8,035,000)
Premium received		(608,290)
Net adjustment to decrease net change in fund balances - governmental funds to arrive at change in net assets- governmental activities	$	(5,058,859)

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	$	(14,459)
Amortization of debt issue costs		(18,322)
Amortization of debt discounts and premiums		115,558
Change in compensated absences payable		18,346
Change in other post-employment benefits payable		(358,963)
Loss on sale of capital assets		(40,028)
Net adjustment to decrease net change in fund balances - governmental funds to arrive at change in net assets- governmental activities	$	(297,868)

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, 2011 the carrying amount of the City's cash demand deposits with Bank of America (B of A) was $8,235,995.62 and the in-transit items were $153,509.72. Seized cash on deposit at B of A awaiting court decisions totaled $5,655. The carrying amount and bank balance of the City's cash demand deposits at U.S. Bank at December 31, 2011 was $308,717.96.

$493,024.21 retained from contractors pending acceptance of City construction projects was held in escrow or savings accounts at various banks. $872,456 is held by Redmond Community Properties, a blended component unit of the City. Petty cash totaled $38,500, of which $34,470 was allocated to various City offices and $4,030 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 2011 Parks Limited Tax General Obligation Bond issuance. The money is transferred to the City's primary cash account as funds are spent. The balance at December 31, 2011 was $5,111,133.

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 60 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, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years
Bankers Acceptances	6,399,460	6,399,460	-
Certificates of Deposit	8,252,861	8,252,861	-
Federal Farm Credit Bank	4,313,961	-	4,313,961
Federal Home Loan Bank	17,509,915	-	17,509,915
Federal Home Loan Mortgage Corporation	14,654,516	-	14,654,516
Federal National Mortgage Association	24,005,800	-	24,005,800
Local Governmental Bonds	30,003,685	11,487,453	18,516,232
Subtotal	105,140,198	26,139,774	79,000,424
Local Government Investment Pool	27,454,641	27,454,641	
Total	132,594,839	53,594,415	79,000,424

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the City's policy requires that it 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, 2011 the City held no investments in commercial paper.

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, 2011 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:
Change in Accounting Practices

The implemented GASB 54 for the year ending December 31, 2011. This implementation required several changes to accounting practices used by the City. These are detailed below.

1. The City has previously reported Fire Equipment Reserves and Fire Donations as one special revenue fund called Fire Equipment. Fire Equipment Reserves are now reported as part of the General Fund to meet the requirements of GASB 54 and the Fire Donations Fund beginning balance has been restated as follows:

		2011
Fire Equipment Reserves + Fire Donations	$	3,866,678
Less Fire Equipment Reserves		(3,581,616)
Fire Donations	$	285,062

2. The City has included funds previously reported as separate special revenue funds in the General Fund to meet the requirements of GASB 54. The General Fund beginning balance has been restated to include those beginning balances as follows:

		2011
General Fund	$	4,503,702
Arts Activity		305,685
Parks Maintenance and Operations		895,343
Community Events		128,350
Human Services Grants		42,079
Operating Reserves		7,430,505
Fire Levy		1,994,451
Police Levy		2,743,443
Parks Levy		327,286
Capital Equipment		3,570,884
Fire Equipment Reserves		3,581,616
Business License Surcharge		280,363
General Fund beginning balance restated	$	25,803,707

3. For reporting purposes the City has eliminated transfers between components of the General Fund. As a result, total transfers-in and transfers-out are lower than if the City had reported components of the General Fund as special revenue funds as in previous years. In 2011 the City eliminated $3,237,321 of Intra-General Fund transfers.

Transfers-out		Transfers-in	
Fire Equipment Reserve	$ 800,000	General Fund	$ 800,000
General Fund	664,235	Human Services Grants	664,235
General Fund	163,037	Fire Equipment Reserves	163,037
General Fund	156,302	Operating Reserves	156,302
General Fund	1,000,000	Capital Equipment	1,000,000
General Fund	336,500	Business License Surcharge	336,500
General Fund	117,247	Arts Activity	117,247
Total Transfers-out	$ 3,237,321	Total transfers-in	$ 3,237,321

4. The City previously accounted for all phases of the Capital Improvement Plan in CIP funds. To meet GASB 54 requirements, the City moved all maintenance costs to the General Fund. The funds were not created in 2010 so there are no beginning fund balances for 2011. The ending balance of these maintenance funds as of December 31, 2011 is $2,004,454. This amount is included in the ending fund balance of the General fund instead of the Capital Improvement Program fund as in prior years.

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 assessed value was $12,799,709,345 for the City in 2011.

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 $1.70 per $1,000 of assessed value for general governmental services, and an additional $0.02 per $1,000 of assessed value for a voter-approved excess tax levy, for a combined total of $1.72 per $1,000 of assessed value.

NOTE 7:
Capital Assets

The City had an instance that resulted in a decrease in Construction in Progress without a corresponding increase in another asset. This was related to a bridge over State Route 520. This multi-year project was accounted for in the CIP section of the City's financial statements and expensed in 2010 at substantial completion as this asset was transferred to the State of Washington as required for all bridges over state-owned roadways. There were some additional charges in 2011 that totaled $1,532,621.

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	$ 84,663,262	$ 402,152	$ -	$ 85,065,414
Construction In Progress	11,587,945	23,342,487	(17,978,952)	16,951,480
Art	328,365	16,425	(207)	344,583
Total Capital Assets, Not Being Depreciated	96,579,572	23,761,064	(17,979,159)	102,361,477
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	68,333,000	-	-	68,333,000
Improvements Other than Buildings	27,452,523	1,110,138	-	28,562,661
Machinery and Equipment	28,239,405	2,352,071	(561,828)	30,029,648
Infrastructure	213,138,111	15,065,756	-	228,203,867
Total Capital Assets, Being Depreciated	337,163,039	18,527,965	(561,828)	355,129,176
Less Accumulated Depreciation for:				
Buildings/Building Improvements	13,557,059	1,436,859	-	14,993,918
Improvements Other Than Buildings	8,303,172	951,209	-	9,254,381
Machinery and Equipment	14,966,400	3,093,832	(522,007)	17,538,225
Infrastructure	69,732,779	4,705,742	-	74,438,521
Total Accumulated Depreciation	106,559,410	10,187,642	(522,007)	116,225,045
Total Capital Assets, Being Depreciated, Net	230,603,629	8,340,327	(39,821)	238,904,131
Governmental Activities Capital Assets, Net	$ 327,183,201	$ 32,101,391	$ (18,018,980)	$ 341,265,608

Government Type Activities	
Capital assets not being depreciated	$ 102,361,477
Capital assets being depreciated	355,129,180
Less accumulated depreciation	(116,225,045)
Less GO bonds	(72,270,000)
Less bond premium	(1,645,293)
Unspent bond proceeds	1,507,977
Less Public Works Trust Fund loans	(548,686)
Governmental Net Assets, invested in Capital Assets net of related debt	$ 268,309,610

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	$ 10,842,585	$ 1,610,460	$ -	$ 12,453,045
Construction In Progress	10,929,233	7,361,173	(6,178,020)	12,112,386
Total Capital Assets, Not Being Depreciated	21,771,818	8,971,633	(6,178,020)	24,565,431
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	34,866,645	2,280,884	-	37,147,529
Improvements Other Than Buildings	251,606,448	13,512,282	(74,016)	265,044,714
Machinery and Equipment	706,291	-	-	706,291
Total Capital Assets, Being Depreciated	287,179,384	15,793,166	(123,587)	302,898,534
Less Accumulated Depreciation for:				
Buildings/Building Improvements	3,947,245	697,333	-	4,644,577
Improvements Other Than Buildings	50,831,040	5,076,834	(123,587)	55,784,287
Machinery and Equipment	463,315	104,605	-	567,920
Total Accumulated Depreciation	55,241,600	5,878,772	(123,587)	60,996,784
Total Capital Assets, Being Depreciated, Net	231,937,784	9,963,965	-	241,901,750
Business-Type Activities Capital Assets, Net	$ 253,709,602	$ 18,935,598	$ (6,178,020)	$ 266,467,181

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Business-Type Activities	
Capital assets not being depreciated	$ 24,565,431
Capital assets being depreciated	302,898,534
Less accumulated depreciation	(60,996,784)
Less Revenue bonds	(9,985,000)
Less bond premium	(287,380)
Unspent bond proceeds	-
Business-Type Net Assets, invested in Capital Assets net of related debt	$ 256,194,801

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

The Business-Type Activities also had $63,842 in amortization expense that is included with depreciation expense in the financial statements.

GOVERNMENTAL ACTIVITIES:		
General Government	$	1,854,311
Security		1,306,996
Physical Environment		4,443
Transportation, Including Depreciation of General Infrastructure Assets		5,832,008
Economic Environment		111,568
Culture and Recreation		1,078,316
Total Depreciation Expense – Governmental Activities	$	10,187,642
BUSINESS-TYPE ACTIVITIES		
Water/Wastewater	$	760,884
UPD Water/Wastewater		5,077,125
Stormwater		104,605
Total Depreciation Expense – Business-type Activities	$	5,942,614

NOTE 8:
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 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; or it may be downloaded from the DRS website at 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

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 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 monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly 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 retiring 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) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, 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 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

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 monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

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 for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, 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.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon contributions and the results of investment activities.

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 Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier

During January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC, pay higher contributions; stop contributing to the Judicial Retirement Account (JRA); and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,197 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, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
Total	**262,285**

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS 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 at 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 Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. 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, 2011, are as follows:

Members not participating in JBM:

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
Employer*	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% 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 4.64% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
Employer-State Agency*	9.75%	9.75%	9.75%**
Employer-Local Government*	7.25%	7.25%	7.25%**
Employee-State Agency	9.76%	9.10%	7.50%***
Employee-Local Government	12.26%	11.60%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** Plan 3 defined benefit portion only.
***Minimum rate.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	$ 69,474	$ 1,344,949	$ 387,592
2010	$ 73,971	$ 1,182,081	$ 341,287
2009	$ 82,158	$ 1,478,106	$ 429,341

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

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. 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. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members 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.

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.

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 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 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

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 2 percent of the FAS per year of service. (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 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, 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 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child (ren) may request service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Non-vested	3,656
Total	27,505

Funding policy

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. 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, 2011, are 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 8.62%.

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
2011	$ 604	$ 1,192,062
2010	$ 762	$ 1,174,424
2009	$ 756	$ 1,285,519

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

The Legislature created PSERS in 2004 and the system 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. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

A "covered employer" is one that participates in PSERS. Covered employers include the following:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Corrections departments of Washington State counties;
- Corrections departments of Washington State cities except for Seattle, Tacoma and Spokane; and
- Interlocal corrections agencies.

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 Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS Plan 2 members are vested after completing 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 10 years of PSERS service credit, with an allowance of 2 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 3 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 3 percent annually.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2 percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years).

PSERS Plan 2 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child (ren) may request service credit on behalf of the deceased member.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	7
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Non-vested	4,210
Total	4,217

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, 2010, were as follows:

	PSERS Plan 2
Employer*	8.86%
Employee	6.36%

*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
2011	$ 22,257
2010	$ 21,213
2009	$ 22,213

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, 2011. 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 2011 was $135,412 which was sufficient to pay the 2010 Firemen's Pension Fund expenses of $19,834. It also increased the negative Net Pension Obligation to ($918,785).

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, 2011, 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, 2012	$ 1,093	$ 558	$ (535)	196%	$ 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, 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
December 31, 2010	$ 134	$ (14)	N/A
December 31, 2011	$ 135	$ (14)	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, 2009	$ (7,027)	N/A	$ (674,447)
December 31, 2010	$ 9,330	1,435%	$ (798,985)
December 31, 2011	$ 15,612	867%	$ (918,785)

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

Valuation date:	January 1, 2012
Actuarial cost method for GASB purposes:	Entry Age Normal
Amortization method:	30-Year, closed as of January 1,2000
Remaining amortization period:	20 years
Asset valuation method:	Fair Market Value

Actuarial Assumptions:

Inflation rate:	2.5%	Projected salary increases:	3.5%
Investment rate of return:	3.2%	Cost of living adjustments:	2.5%

Annual Pension Cost and Net Pension Obligation

	Year Ending 12/31/09	Year Ending 12/31/10	Year Ending 12/31/11
1. Annual Normal Cost, beginning of year	$ -	$ -	-
2. Amortization of UAL, beginning of year	(14,934)	(13,403)	(13,403)
3. Interest to end of year	(1,045)	(429)	(429)
4. Annual required contribution at end of year (1+2+3), not less than zero in 2008	(15,979)	(13,832)	(13,832)
5. Interest on net pension obligation	(38,557)	(21,582)	(25,568)
6. Adjustment to annual required contribution	(47,509)	(44,744)	(55,012)
7. Annual pension cost (4+5-6)	(7,027)	9,330	15,612
8. Employer Contributions	116,604	133,868	135,412
9. Change in net pension obligation (7-8)	(123,631)	(124,538)	(119,800)
10. Net pension obligation at beginning of year	(550,816)	(674,447)	(798,985)
11. Net pension obligation at end of year (9+10)	$ (674,447)	$ (798,985)	(918,785)

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 1,040 or more hours per year are eligible but not required to participate in the plan. Temporary employees working less than 1,040 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 720 permanent and 206 temporary participants with account balances at December 31, 2011.

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. The City's payroll for participating employees in 2011 was $49,918,530. Employee contributions were $3,094,124. City contributions were $3,219,839. The City's total payroll was $53,635,370.

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 9:
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, 2010. 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 $2,170,474 is included as a noncurrent liability on the Statement of Net Assets.

	Fiscal Year Ending 12/31/2009	Fiscal Year Ending 12/31/2010	Fiscal Year Ending 12/31/2011
Determination of Annual Required Contribution:			
1-Annual Normal Cost (BOY)	$ 25,966	$ 27,070	$ 28,220
2-Amortization of UAAL* (BOY)	545,784	545,784	545,784
3-Interest to EOY [1 + 2] x *(i)***	25,729	25,778	25,830
4-Annual Required Contribution [1 + 2 + 3]	597,479	598,632	599,834
Determination of Net OPEB Obligation:			
4-Annual Required Contribution	597,479	598,632	599,834
5-Interest on Net OPEB Obligation	54,296	66,719	81,518
6-Adjustment to ARC	70,883	87,103	106,422
7-Annual OPEB Cost [4 + 5 -6]	580,892	578,248	574,930
8-Employer Contributions	304,811	249,387	215,966
9-Change in Net OPEB Obligation [7 - 8]	276,081	328,861	358,964
10-Net OPEB Obligation-BOY [11 from prior year]	1,206,570	1,482,651	1,811,512
Net OPEB Obligation-end of year [9 + 10]	$ 1,482,651	$ 1,811,512	$ 2,170,476

*Unfunded Actuarial Accrued Liability (UAAL)
***(i)*is the assumed interest rate that year: 5.5% in 2008, 4.5% in 2009, 4.5% in the remaining years.

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2009	$ 580,892	52.5%	$ 1,482,651
12/31/2010	$ 578,248	43.1%	$ 1,811,511
12/31/2011	$ 574,929	37.6%	$ 2,170,474

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 2011 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%
Dec. 31, 2010	$ -	$ 9,430,652	$ 9,430,652	0%	$ 461,106	2045.22%
Dec. 31, 2011	$ -	$ 9,549,490	$ 9,549,490	0%	$ 480,703	1986.57%

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 10:
Construction Commitments

At December 31, 2011 the City had significant contractual obligations on construction projects:

(In thousands)	
Street Projects	$532
Parks Projects	315
Fire Projects	568
General Government Project	34
Utilities Projects	1,549
Total	$2,998

Note 11:
Interfund Transfers

(In whole dollars)

Fund	Transfer In	Transfer Out
General Fund	$ 6,139,893	$ 8,581,965
Capital Improvements Program Fund	14,442,126	6,735,034
Other Governmental Funds	4,489,384	9,659,407
Internal Service Funds	7,800	102,797
Total Transfers	$ 25,079,203	$ 25,079,203

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 12:
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, 2008 & 2011 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.

2011 Limited Tax General Obligation Bonds: In 2011, the City issued $8,035,000 Limited Tax General Bonds. Proceeds were used for land acquisition for a Downtown Central Park and other City parks and open space projects in the Capital Investment Program for 2011-2016. Debt payments are budgeted biannually and paid for from levies of taxes within the constitutional and statutory tax limitations provided by law without a vote of the voters of the City. Repayment of the debt is to come from the Parks Capital Improvement Program.

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2011
2004 LTGO Lease-Revenue Bonds	4/1/2004	12/1/2035	2.0% - 5.25%	$ 39,230,000	$ 5,280,000	$ 33,950,000
2008 GO/Refunding	9/4/2008	6/1/2013	3.50%	1,315,000	765,000	550,000
2008 LTGO Bonds	9/4/2008	12/1/2028	3.5% - 5.0%	33,935,000	3,495,000	30,440,000
2011 LTGO Bonds		12/1/2021	2.0% - 4.5%	8,035,000	705,000	7,330,000
Total General Obligation Bonds				$ 82,515,000	$ 10,245,000	$ 72,270,000

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

	Governmental Activities	
Year Ending December 31,	Principal	Interest
2012	$ 3,350,000	$ 3,315,094
2013	3,475,000	3,189,419
2014	3,310,000	3,063,769
2015	3,440,000	2,938,244
2016	3,610,000	2,769,607
2017-2021	19,855,000	11,182,455
2022-2026	16,185,000	6,966,806
2027-2031	12,025,000	3,175,723
2032-2035	7,020,000	898,750
	$ 72,270,000	$ 37,499,867

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	2011 General Obligation Bonds
Bonds Outstanding	$ 550,000	$ 30,440,000	$ 7,330,000
Plus Unamortized Bond Premium	10,360	1,072,264	562,668
Bonds Outstanding, Net	$ 551,360	$ 31,512,264	$ 7,892,668

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 12/31/2011
2008 Water/ Wastewater Bonds	12/3/2008	12/1/2023	4.0% - 5.0%	$ 11,755,000	$ 1,770,000	$ 9,985,000
Total Revenue Bonds				$ 11,755,000	$ 1,770,000	$ 9,985,000

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

	Business-type Activities	
Year Ending December 31,	Principal	Interest
2012	$ 640,000	$ 464,687
2013	665,000	439,088
2014	700,000	406,588
2015	725,000	378,588
2016	755,000	349,588
2017-2021	4,350,000	1,171,388
2022-2023	2,150,000	160,000
	$ 9,985,000	$ 3,369,927

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	$	9,985,000
Plus Unamortized Bond Premium		287,382
Bonds Outstanding, Net	$	10,272,382

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 2011 with one being paid in full. The remaining loans with an outstanding principal balance of $548,687 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.

	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2012	$ 202,457	$ 10,710	$ -	$ -
2013	202,457	6,074	-	-
2014	71,886	1,438	-	-
2015	71,887	719	-	-
	$ 548,687	$ 18,941	$ -	$ -

(Continued next page)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	$ 67,540,000	$ 8,035,000	$ (3,305,000)	$ 72,270,000	$ 3,350,000
Less deferred amounts:					
For issuance (Discounts)/Premiums	1,152,560	608,290	(115,558)	1,645,292	-
Total bonds payable	68,692,560	8,643,290	(3,420,558)	73,915,292	3,350,000
PWTF loans	$ 828,118	$ -	$ (279,431)	$ 548,687	$ 202,457
Other post-employment benefits payable	1,811,511	358,963	-	2,170,474	-
Compensated absences	3,840,223	3,232,205	(3,217,047)	- 3,855,381	3,108,919
Governmental activity long-term liabilities	$ 75,172,412	$ 11,915,846	$ (6,598,424)	$ 80,489,834	$ 6,661,346
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	$ 10,600,000	$ -	$ (615,000)	$ 9,985,000	$ 640,000
Plus Deferred Amounts:					
For issuance premiums	311,497	-	(24,117)	287,380	-
Total Bonds Payable	10,911,497	-	(639,117)	10,272,380	640,000
Compensated absences	$ 507,703	$ 370,706	$ (316,061)	$ 562,348	$ 449,878
Business-type activity long-term liabilities	$ 11,419,200	$ 594,897	$ (1,179,367)	$ 10,834,728	$ 1,089,878

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, Advanced Life Support Fund, and the Recycling Fund.

NOTE 13:
Leases

Operating Leases:

Copier Leases

Operating lease obligations are primarily for rental of copy machines. Total expenditures for leases were $37,116.97 for the year ended December 31, 2011. The future minimum lease payments include the estimated cost for copy usage and are as follows:

Year Ending December 31		Amount
2012	$	27,002
2013		27,002
2014		6,613
Total	$	60,617

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 14:
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 15:
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 $1,188,924 with a net book value of $889,615. The City reimbursed the City of Bellevue $58,634 for its share of operating costs in 2011.

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 2011 were $251,439. The City of Redmond also paid the Alliance $906,755 in 2011 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 16:
Contingencies and Litigation

As of December 31, 2011, 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 nor lawsuits, would affect materially the financial condition of the City.

NOTE 17:
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 anticipated 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 $25,000 per occurrence for insurance-related claims and expenses. There were no claims that settled in 2011 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 had been an associate member of the Cities Insurance Association of Washington (CIAW) for some years until December 1, 2010. Effective December 1, 2010 the City revised the risk program. See prior year's annual financial reports for more information about the CIAW pool.

In 2010 the city conducted a comprehensive review of its property and liability risk programs. As a result, the City issued a request for proposal (RFP) for a broker/consultant and selected Bannon Carlson & Kessel, Inc. Bannon Carlson & Kessel, Inc. then conducted a search for service providers to meet the City's needs. This resulted in the City selecting Travelers Insurance for liability coverage and retaining Affiliated FM for property coverage. As a result the city's risk program changed from a $100,000 self-insured retention for general liability claims to a $25,000 deductible. A deductible limit applies to all claim costs while a self-insured retention only applied

to any judgment or settlement. The liability limits were extended to $20 million for general liability as described in the table below. No claims were settled in excess of the deductible amounts.

Property insurance coverage remained consistent with prior years.

Medical Self Insurance Program:

The Medical Self-Insurance Fund provides coverage up to a maximum of $125,000 per person per calendar year with the Excess Insurance covering an Unlimited Major Medical Maximum. There were four (4) claimants who exceeded the per-person limit in 2011; in 2010 there were five (5) who exceeded, and zero claims in 2009 and 2008. 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. For 2011 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 2011, 2010, 2009, or 2008 exceeded the City's self-insurance coverage. Claims handling is currently contracted to an independent, qualified third party administrator (TPA).

As of December 31, 2011, the City had reserves of $1,413,175 in the Insurance Fund, $4,837,403 in the Medical Self-Insurance Fund, and $839,331 in the Workman's Compensation Fund to provide against risk of future loss. Claims liabilities of $1,020,900 have been reported in the Medical Self-Insurance Fund and $98,946 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 2009, 2010 and 2011 were:

	Beginning of Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	End of Year Liability
Insurance Fund				
2009	$ -	$ 135,463	$ 135,463	$ -
2010	$ -	$ 268,243	$ 268,243	$ -
2011	$ -	$ 197,549	$ 197,549	$ -
Medical Insurance Fund				
2009	$ 751,000	$ 3,933,126	$ 5,640,226	$ 956,100
2010	$ 956,100	$ 5,671,121	$ 7,633,621	$ 1,006,400
2011	$ 1,006,400	$ 5,417,122	$ 7,444,422	$ 1,020,900
Workman's Compensation Fund				
2009	$ 116,724	$ 254,449	$ 438,941	$ 67,768
2010	$ 67,768	$ 127,807	$ 267,734	$ 72,159
2011	$ 72,159	$ 285,402	$ 456,507	$ 98,946

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
Property Policy Limit	$150,000,000	$100,000
Earth Movement	$50,000,000	3%/$100,000 minimum per location
Flood	$50,000,000	$100,000
Employee Theft	$1,000,000	$10,000
General Liability – Per Occurrence	$1,000,000	$25,000
General Liability – Aggregate	$2,000,000	
Law Enforcement	$1,000,000	$25,000
Employment Related Practices	$1,000,000	$25,000
Auto Liability	$1,000,000	$25,000
Umbrella Excess Liability (Excess of General Liability, Auto, Law Enforcement Liability)	$20,000,000	$10,000
Employment-Related Practices Excess	$9,000,000	
Underground Storage Tank Liability	$1,000,000	$5,000
Blanket fidelity (employee dishonesty)	$1,000,000	$10,000 deductible
Excess Worker's Compensation	statutory	$350,000; $500,000 Police & Fire
Excess Medical Insurance	$1,000,000	$120,000

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
January 1, 2010	$ 856	$ 654	$ (202)	131%	$ -	N/A

Required Supplementary Information
LEOFF I 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%
Dec. 31, 2010	$ -	$ 9,430,652	$ 9,430,652	0%	$ 461,106	2,045.22%
Dec. 31, 2011	$ -	$ 9,549,490	$ 9,549,490	0%	$ 480,703	1,986.57%

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE BIENNIUM ENDED DECEMBER, 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 116,663,495	$ 116,605,058	$ 61,705,416	$ (54,899,642)
Licenses and permits	13,493,089	14,358,153	6,510,382	(7,847,771)
Contributions from property owners	136,000	176,383	153,257	(23,126)
Intergovernmental	19,910,206	18,210,185	10,434,725	(7,775,460)
Charges for services	9,065,321	9,641,978	4,344,218	(5,297,760)
Fines and forfeitures	1,442,778	1,882,515	2,200,648	318,133
Investment income	1,233,172	1,233,172	354,900	(878,272)
Miscellaneous	552,742	2,448,340	365,402	(2,082,938)
Total Revenues	162,496,803	164,555,784	86,068,948	(78,486,836)
EXPENDITURES				
Current				
General government	26,449,165	29,180,251	12,885,060	16,295,191
Security of persons and property	75,567,652	74,289,918	36,656,597	37,633,321
Physical environment	8,464,710	8,473,710	3,786,636	4,687,074
Transportation	9,325,978	16,135,226	7,097,926	9,037,300
Economic development	9,766,158	10,329,858	4,743,190	5,586,668
Mental/physical health	1,782,761	1,809,795	889,741	920,054
Culture and recreation	15,795,879	16,922,587	8,483,736	8,438,851
Capital outlay	2,638,875	4,256,969	964,140	3,292,829
Debt service				
Principal	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Issuance Costs	-	-	-	-
Total Expenditures	149,791,178	161,398,314	75,507,026	85,891,288
Excess (deficiency) of revenues over (under) expenditures	12,705,625	3,157,470	10,561,922	7,404,452
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	8,000	2,598	(5,402)
Disposition of capital assets	20,000	40,000	7,200	(32,800)
Transfers in	3,232,076	11,302,367	6,139,893	(5,162,474)
Transfers out	(17,134,583)	(17,312,383)	(8,581,965)	8,730,418
Total other financing sources and uses	(13,882,507)	(5,962,016)	(2,432,274)	3,529,742
Net change in fund balance	(1,176,882)	(2,804,546)	8,129,648	10,934,194
Fund balance-beginning	21,805,285	22,629,317	25,803,707	3,174,390
Fund balance-ending	$ 20,628,403	$ 19,824,771	$ 33,933,355	$ 14,108,584

Nonmajor 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 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 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.

The Aid Car Donation 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 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.

Debt Service Funds

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

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 Regular Levy Fund accounts for the debt service on City Council approved (councilmanic) general obligation debt. During 2008, the City issued long-term general obligation bonds to fund the Bear Creek Parkway expansion as well as refunding the 1998 Fire bonds . During 2011, the City issued long-term general obligation bonds to fund Park improvements. Debt service on those notes will be paid from this fund.

CITY OF REDMOND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds		
	Recreation Activities	Cable Access	Operating Grants
ASSETS			
Cash and cash equivalents	$ 76,717	$ 136,932	$ 133,820
Cash with outside agency	-	-	-
Investments	670,381	1,309,582	1,228,466
Receivables:			
Taxes	-	16,102	-
Accounts	-	-	-
Interest	1,976	3,998	5,894
Special assessments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	47,330
Prepayments	-	-	-
Restricted assets:			
Deposit cash	-	-	-
Cash	-	-	718,500
Retainage	-	-	-
Deferred charges	-	-	-
Total assets	$ 749,074	$ 1,466,614	$ 2,134,010
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 15,636	224,162	$ 9,181
Employee wages payable	13,944	-	7,781
Due to other funds	-	-	-
Payable from restricted assets:			
Deposits payable	3,538	-	-
Unearned revenues		-	-
Total liabilities	33,118	224,162	16,962
Fund balances			
Nonspendable	-	-	-
Spendable:			
Restricted	-	-	2,117,048
Committed	715,956	1,242,452	-
Assigned	-	-	-
Unassigned		-	-
Total Fund Balances	715,956	1,242,452	2,117,048
Total Liabilities and Fund Balances	$ 749,074	$ 1,466,614	$ 2,134,011

CITY OF REDMOND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds		
	Advanced Life Support	Aid Car/Dispatch Donations	Real Estate Excise Tax
ASSETS			
Cash and cash equivalents	$ 20,000	$ 34,405	$ 133,794
Cash with outside agency	-	-	-
Investments	184,401	311,973	651,341
Receivables:			
Taxes	-	-	204,764
Accounts	-	-	-
Interest	-	-	1,917
Special assessments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepayments	-	-	-
Restricted assets:			
Deposit cash	-	-	-
Cash	-	-	-
Retainage	-	-	-
Deferred charges	-	-	-
Total assets	$ 204,401	$ 346,378	$ 991,816
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 11,185	$ -	$ -
Employee wages payable	44,118	-	-
Due to other funds	-	-	-
Payable from restricted assets:			
Deposits payable	-	-	-
Unearned revenues	-	-	-
Total liabilities	55,303	-	-
Fund balances			
Nonspendable	-	-	-
Spendable:			
Restricted	149,098	-	991,816
Committed	-	346,378	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	149,098	346,378	991,816
Total Liabilities and Fund Balances	$ 204,401	$ 346,378	$ 991,816

CITY OF REDMOND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds			
	Felony Seizure	Tourism	Solid Waste Recycling	Total
ASSETS				
Cash and cash equivalents	$ 13,649	$ 37,165	$ 22,001	$ 608,483
Cash with outside agency	10,000	-	-	10,000
Investments	73,705	327,684	169,850	4,927,383
Receivables:				
Taxes	-	-	33,249	254,115
Accounts	-	-	-	-
Interest	-	894	537	15,216
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	100,423	147,753
Prepayments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	-
Cash	-	-	-	718,500
Retainage	-	-	-	-
Deferred charges	-	-	-	-
Total assets	$ 97,354	$ 365,743	$ 326,060	$ 6,681,450
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 7,500	$ 2,761	$ 270,425
Employee wages payable	-	11	4,787	70,641
Due to other funds	-	-	-	-
Payable from restricted assets:				-
Deposits payable	6,013	-	-	9,551
Unearned revenues	-	-	-	-
Total liabilities	6,013	7,511	7,548	350,617
Fund balances				
Nonspendable	-	-	-	-
Spendable:				
Restricted	91,341	358,232	-	3,707,535
Committed	-	-	318,512	2,623,298
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	91,341	358,232	318,512	6,330,833
Total Liabilities and Fund Balances	$ 97,354	$ 365,743	$ 326,060	$ 6,681,450

CITY OF REDMOND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Debt Service Funds			
	Special Levy	Non Voted GO Bonds	Total	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 274,671	$ 1,469,300	$ 1,743,971	$ 2,352,454
Cash with outside agency	-	-	-	10,000
Investments	-	-	-	4,927,383
Receivables:				
Taxes	3,808	-	3,808	257,923
Accounts	-	-	-	-
Interest	-	-	-	15,216
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	147,753
Prepayments	-	-	-	-
Restricted assets:				
Deposit cash	-	-	-	-
Cash	-	10,666	10,666	729,166
Retainage	-	-	-	-
Deferred charges	-	-	-	-
Total assets	$ 278,479	$ 1,479,966	$ 1,758,445	$ 8,439,895
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 3,809	$ -	$ 3,809	$ 274,234
Employee wages payable	-	-	-	70,641
Due to other funds	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	9,551
Unearned revenues	-	-	-	-
Total liabilities	3,809	-	3,809	354,426
Fund balances				-
Nonspendable	-	-	-	-
Spendable:				
Restricted	274,670	1,479,966	1,754,636	5,462,171
Committed	-	-	-	2,623,298
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	274,670	1,479,966	1,754,636	8,085,469
Total Liabilities and Fund Balances	$ 278,479	$ 1,479,966	$ 1,758,445	$ 8,439,894

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds		
	Recreation Activities	Cable Access	Operating Grants
REVENUES			
Taxes	$ -	$ -	$ -
Contributions	1,572	86,206	-
Intergovernmental	-	-	132,503
Charges for services	2,032,470	-	-
Fines and forfeitures	-	-	-
Investment income	9,941	14,692	23,623
Miscellaneous	224,473	16,102	-
Total Revenues	2,268,456	117,000	156,126
EXPENDITURES			
Current			
General government	-	58,224	-
Security of persons and property	1,429	-	-
Physical environment	-	-	-
Transportation	-	-	1,101,666
Economic environment	-	-	-
Mental/physical health	-	-	-
Culture and recreation	2,158,584	-	-
Capital outlay	-	270,627	-
Debt service:			
Principal	-	-	-
Interest and debt issuance costs	-	-	-
Total expenditures	2,160,013	328,851	1,101,666
Excess (deficiency) of revenues over (under) expenditures	108,443	(211,851)	(945,540)
OTHER FINANCING SOURCES (USES)			
Bond/Loan proceeds	-	-	-
Disposition of capital assets	-	-	-
Transfers in	-	250,000	685,000
Transfers out	-	(250,000)	(89,897)
Total other financing sources (uses)	-	-	595,103
Net change in fund balances	108,443	(211,851)	(350,437)
Fund balances-beginning	607,513	1,454,303	2,467,485
Fund balances-ending	$ 715,956	$ 1,242,452	$ 2,117,048

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds		
	Advanced Life Support	Aid Car/Dispatch Donations	Real Estate Excise Tax
REVENUES			
Taxes	$ -	$ -	$ 2,804,200
Contributions	24,664	(6,049)	-
Intergovernmental	5,327,420	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	(314)	(531)	11,722
Miscellaneous	-	69,872	-
Total Revenues	5,351,770	63,292	2,815,922
EXPENDITURES			
Current			
General government	-	-	-
Security of persons and property	5,530,192	1,976	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Mental/physical health	-	-	-
Culture and recreation	-	-	-
Capital outlay	14,000	-	-
Debt service:			
Principal	-	-	-
Interest and debt issuance costs	-	-	-
Total expenditures	5,544,192	1,976	-
Excess (deficiency) of revenues over (under) expenditures	(192,422)	61,316	2,815,922
OTHER FINANCING SOURCES (USES)			
Bond/Loan proceeds	-	-	-
Disposition of capital assets	10,500	-	-
Transfers in	-	-	-
Transfers out	-	-	(2,100,000)
Total other financing sources (uses)	10,500	-	(2,100,000)
Net change in fund balances	(181,922)	61,316	715,922
Fund balances-beginning	331,020	285,062	275,894
Fund balances-ending	$ 149,098	$ 346,378	$ 991,816

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds			
	Felony Seizure	Tourism	Solid Waste Recycling	Total
REVENUES				
Taxes	$ -	$ 291,599	$ -	$ 3,095,799
Contributions	-	-	-	106,393
Intergovernmental	-	-	128,341	5,588,264
Charges for services	-	-	418,334	2,450,804
Fines and forfeitures	3,218	-	-	3,218
Investment income	(125)	3,465	2,627	65,100
Miscellaneous	-	-	134	310,581
Total Revenues	3,093	295,064	549,436	11,620,159
EXPENDITURES				
Current				
General government	-	-	-	58,224
Security of persons and property	899	-	-	5,534,496
Physical environment	-	-	618,580	618,580
Transportation	-	-	-	1,101,666
Economic environment	-	120,356	-	120,356
Mental/physical health	-	-	-	-
Culture and recreation	-	-	-	2,158,584
Capital outlay	-	-	-	284,627
Debt service:				
Principal	-	-	-	-
Interest and debt issuance costs	-	-	-	-
Total expenditures	899	120,356	618,580	9,876,533
Excess (deficiency) of revenues over (under) expenditures	2,194	174,708	(69,144)	1,743,626
OTHER FINANCING SOURCES (USES)				
Bond/Loan proceeds	-	-	-	-
Disposition of capital assets	-	-	-	10,500
Transfers in	-	-	-	935,000
Transfers out	-	(117,000)	-	(2,556,897)
Total other financing sources (uses)	-	(117,000)	-	(1,611,397)
Net change in fund balances	2,194	57,708	(69,144)	132,229
Fund balances-beginning	89,147	300,524	387,656	6,198,604
Fund balances-ending	$ 91,341	$ 358,232	$ 318,512	$ 6,330,833

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Debt Service Funds			Total Nonmajor Governmental Funds
	Special Levy	Non Voted GO Bonds	Total	
REVENUES				
Taxes	$ 290,254	$ -	$ 290,254	$ 3,386,053
Contributions	-	-	-	106,393
Intergovernmental	-	-	-	5,588,264
Charges for services	-	-	-	2,450,804
Fines and forfeitures	-	-	-	3,218
Investment income	-	-	-	65,100
Miscellaneous	-	-	-	310,581
Total Revenues	290,254	-	290,254	11,910,413
EXPENDITURES				
Current				
General government	-	-	-	58,224
Security of persons and property	-	-	-	5,534,496
Physical environment	-	-	-	618,580
Transportation	-	-	-	1,101,666
Economic environment	-	-	-	120,356
Mental/physical health	-	-	-	-
Culture and recreation	-	-	-	2,158,584
Capital outlay	-	-	-	284,627
Debt service:				
Principal	265,000	1,910,000	2,175,000	2,175,000
Interest and debt issuance costs	23,888	1,705,198	1,729,086	1,729,086
Total expenditures	288,888	3,615,198	3,904,086	13,780,619
Excess (deficiency) of revenues over (under) expenditures	1,366	(3,615,198)	(3,613,832)	(1,870,206)
OTHER FINANCING SOURCES (USES)				
Bond/Loan proceeds	-	8,643,290	8,643,290	8,643,290
Disposition of capital assets	-	-	-	10,500
Transfers in	-	3,554,384	3,554,384	4,489,384
Transfers out	-	(7,102,510)	(7,102,510)	(9,659,407)
Total other financing sources (uses)	-	5,095,164	5,095,164	3,483,767
Net change in fund balances	1,366	1,479,966	1,481,332	1,613,561
Fund balances-beginning	273,304	-	273,304	6,471,908
Fund balances-ending	$ 274,670	$ 1,479,966	$ 1,754,636	$ 8,085,469

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS PROGRAM CAPITAL PROJECTS FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 2,266,475	$ 2,266,475	$ 1,119,800	$ (1,146,675)
Contributions	250,000	250,000	10,000	(240,000)
Intergovernmental	6,964,694	12,003,819	2,380,941	(9,622,878)
Charges for services	5,595,358	5,595,358	3,064,948	(2,530,410)
Investment income	1,086,051	1,086,051	435,613	(650,438)
Miscellaneous	180,000	470,500	296,730	(173,770)
Total Revenues	16,342,578	21,672,203	7,308,032	(14,364,171)
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic development	-	-	-	-
Culture and Recreation	-	-	-	-
Capital outlay	55,266,895	50,138,365	23,342,490	26,795,875
Debt service				
Principal	3,220,000	3,220,000	1,409,432	1,810,568
Interest	3,338,112	3,338,112	1,845,447	1,492,665
Total Expenditures	61,825,007	56,696,477	26,597,369	30,099,108
Excess (deficiency) of revenues over (under) expenditures	(45,482,429)	(35,024,274)	(19,289,337)	15,734,937
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	8,300,000	8,300,000	-	(8,300,000)
Disposition of assets	-	-	-	-
Transfers in	15,595,658	15,595,658	14,442,126	(1,153,532)
Transfers out	(1,432,410)	(12,325,739)	(6,735,034)	5,590,705
Total other financing sources and uses	22,463,248	11,569,919	7,707,092	(3,862,827)
Net change in fund balance	(23,019,181)	(23,454,355)	(11,582,245)	11,872,110
Fund balance-beginning	29,333,151	29,333,151	47,277,353	17,944,202
Fund balance-ending	$ 6,313,970	$ 5,878,796	$ 35,695,108	$ 29,816,312

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION ACTIVITIES SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for services	3,620,000	3,620,000	2,032,470	(1,587,530)
Contributions	-	-	1,572	1,572
Investment income	20,000	20,000	9,941	(10,059)
Miscellaneous	345,564	345,564	224,473	(121,091)
Total Revenues	3,985,564	3,985,564	2,268,456	(1,717,108)
EXPENDITURES				
Security of persons and property	-	-	1,429	(1,429)
Culture and recreation	4,395,658	4,426,607	2,158,584	2,268,023
Total Expenditures	4,395,658	4,426,607	2,160,013	2,266,594
Excess (deficiency) of revenues over (under) expenditures	(410,094)	(441,043)	108,443	549,486
OTHER FINANCING SOURCES (USES)				
Transfers out	(217,748)	(43,571)	-	43,571
Total other financing sources (uses)	(217,748)	(43,571)	-	43,571
Net change in fund balance	(627,842)	(484,614)	108,443	593,057
Fund balance-beginning	627,842	627,842	607,513	(20,329)
Fund balance-ending	$ -	$ 143,228	$ 715,956	$ 572,728

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CABLE ACCESS SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Contributions	447,000	447,000	86,206	(360,794)
Investment interest	-	-	14,692	14,692
Miscellaneous	-	-	16,102	16,102
Total Revenues	447,000	447,000	117,000	(330,000)
EXPENDITURES				
General Government	183,730	183,730	58,224	125,506
Capital outlay	270,000	270,000	270,627	(627)
Total Expenditures	453,730	453,730	328,851	124,879
Excess (deficiency) of revenues over (under) expenditures	(6,730)	(6,730)	(211,851)	(205,121)
Net change in fund balance	(6,730)	(6,730)	(211,851)	(205,121)
Fund balance-beginning	1,381,978	1,381,978	1,454,303	72,325
Fund balance-ending	$ 1,375,248	$ 1,375,248	$ 1,242,452	$ (132,796)

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATING GRANTS SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 200,000	$ 200,000	$ 132,503	$ (67,497)
Charges for services	-	-	-	-
Investment income	-	-	23,623	23,623
Total Revenues	200,000	200,000	156,126	(43,874)
EXPENDITURES				
Transportation	3,906,739	3,906,739	1,101,666	2,805,073
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	3,906,739	3,906,739	1,101,666	2,805,073
Excess (deficiency) of revenues over (under) expenditures	(3,706,739)	(3,706,739)	(945,540)	2,761,199
OTHER FINANCING SOURCES (USES)				
Transfers in	1,370,000	1,370,000	685,000	(685,000)
Transfers out	-	-	(89,897)	(89,897)
Total other financing sources (uses)	1,370,000	1,370,000	595,103	(774,897)
Net change in fund balance	(2,336,739)	(2,336,739)	(350,437)	1,986,302
Fund balance-beginning	2,355,576	2,355,576	2,467,485	111,909
Fund balance-ending	$ 18,837	$ 18,837	$ 2,117,048	$ 2,098,211

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ADVANCED LIFE SUPPORT SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER, 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 11,963,169	$ 11,963,169	$ 5,327,420	$ (6,635,749)
Charges for services	-	-	-	-
Investment income	-	-	(314)	(314)
Contributions	-	-	24,664	24,664
Total Revenues	11,963,169	11,963,169	5,351,770	(6,611,399)
EXPENDITURES				
Security of persons and property	11,066,961	11,190,857	5,530,192	5,660,665
Capital outlay	-	-	14,000	(14,000)
Debt Service				
Interest and Debt Issuance Costs	-	-	-	-
Total Expenditures	11,066,961	11,190,857	5,544,192	5,646,665
Excess (deficiency) of revenues over (under) expenditures	896,208	772,312	(192,422)	(964,734)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	-	-
Transfers in	-	-	-	-
Disposition of capital assets	-	-	10,500	10,500
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	10,500	10,500
Net change in fund balance	896,208	772,312	(181,922)	(954,234)
Fund balance-beginning	170,225	170,225	331,020	160,795
Fund balance-ending	$ 1,066,433	$ 942,537	$ 149,098	$ (793,439)

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AID CAR/DISPATCH SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER, 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions	$ 100,000	$ 100,000	$ (6,049)	$ (106,049)
Investment income	-	-	(531)	(531)
Miscellaneous	78,000	78,000	69,872	(8,128)
Total Revenues	178,000	178,000	63,292	(114,708)
EXPENDITURES				
Security of persons and property	210,300	210,300	1,976	208,324
Capital outlay	-	-	-	-
Total Expenditures	210,300	210,300	1,976	208,324
Excess (deficiency) of revenues over (under) expenditures	(32,300)	(32,300)	61,316	93,616
Net change in fund balance	(32,300)	(32,300)	61,316	93,616
Fund balance-beginning	234,907	234,907	285,062	50,155
Fund balance-ending	$ 202,607	$ 202,607	$ 346,378	$ 143,771

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REAL ESTATE EXCISE TAX SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER, 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 4,263,000	$ 4,263,000	$ 2,804,200	$ (1,458,800)
Investment income	32,044	32,044	11,722	(20,322)
Total Revenues	4,295,044	4,295,044	2,815,922	(1,479,122)
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,263,000)	(4,263,000)	(2,100,000)	2,163,000
Total other financing sources (uses)	(4,263,000)	(4,263,000)	(2,100,000)	2,163,000
Net change in fund balance	32,044	32,044	715,922	683,878
Fund balance-beginning	360,956	360,956	275,894	(85,062)
Fund balance-ending	$ 393,000	$ 393,000	$ 991,816	$ 598,816

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FELONY SEIZURE SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	$ -	$ -	$ (125)	$ (125)
Fines and forfeitures	6,000	6,000	3,218	(2,782)
Total Revenues	6,000	6,000	3,093	(2,907)
EXPENDITURES				
Security of persons and property	-	-	899	(899)
Total Expenditures	-	-	899	(899)
Excess (deficiency) of revenues over (under) expenditures	6,000	6,000	2,194	(3,806)
Net change in fund balance	6,000	6,000	2,194	(3,806)
Fund balance-beginning	84,970	84,970	89,147	4,177
Fund balance-ending	$ 90,970	$ 90,970	$ 91,341	$ 371

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURISM SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER, 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 451,800	$ 451,800	$ 291,599	$ (160,201)
Investment income	10,674	10,674	3,465	(7,209)
Total Revenues	462,474	462,474	295,064	(167,410)
EXPENDITURES				
Economic development	411,616	421,192	120,356	300,836
Total Expenditures	411,616	421,192	120,356	300,836
Excess (deficiency) of revenues over (under) expenditures	50,858	41,282	174,708	133,426
OTHER FINANCING SOURCES (USES)				
Transfers out	(263,160)	(274,000)	(117,000)	157,000
Total other financing sources (uses)	(263,160)	(274,000)	(117,000)	157,000
Net change in fund balance	(212,302)	(232,718)	57,708	290,426
Fund balance-beginning	213,464	300,524	300,524	-
Fund balance-ending	$ 1,162	$ 67,806	$ 358,232	$ 290,426

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE RECYCLING SPECIAL REVENUE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 256,450	$ 256,450	$ 128,341	$ (128,109)
Charges for services	796,992	796,992	418,334	(378,658)
Investment income	16,864	16,864	2,627	(14,237)
Miscellaneous	-	-	134	134
Total Revenues	1,070,306	1,070,306	549,436	(520,870)
EXPENDITURES				
Physical environment	1,321,974	1,321,974	618,580	703,394
Capital outlay	-	-	-	-
Total Expenditures	1,321,974	1,321,974	618,580	703,394
Excess (deficiency) of revenues over (under) expenditures	(251,668)	(251,668)	(69,144)	182,524
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(251,668)	(251,668)	(69,144)	182,524
Fund balance-beginning	336,521	336,521	387,656	51,135
Fund balance-ending	$ 84,853	$ 84,853	$ 318,512	$ 233,659

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL LEVY DEBT SERVICE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 573,413	$ 573,413	$ 290,254	$ (283,159)
Total Revenues	573,413	573,413	290,254	(283,159)
EXPENDITURES				
Principal	535,000	535,000	265,000	270,000
Interest	38,413	38,413	23,888	14,525
Total Expenditures	573,413	573,413	288,888	284,525
Excess (deficiency) of revenues over (under) expenditures	-	-	1,366	1,366
Net change in fund balance	-	-	1,366	1,366
Fund balance-beginning	234,740	234,740	273,304	38,564
Fund balance-ending	$ 234,740	$ 234,740	$ 274,670	$ 39,930

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REGULAR LEVY DEBT SERVICE FUND
FOR THE BIENNIUM ENDED DECEMBER 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012 Biennium	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Principal	$ 2,455,000	$ 2,455,000	$ 1,910,000	$ 545,000
Interest	2,846,925	2,846,925	1,705,198	1,141,727
Total Expenditures	5,301,925	5,301,925	3,615,198	1,686,727
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	8,300,000	8,643,290	343,290
Disposition of assets	-	-	-	-
Transfers in	5,301,925	5,301,925	3,554,384	(1,747,541)
Transfers out	-	-	(7,102,510)	(7,102,510)
Total other financing sources and uses	5,301,925	13,601,925	5,095,164	(8,506,761)
Net change in fund balance	-	8,300,000	1,479,966	(6,820,034)
Fund balance-beginning	-	-	-	-
Fund balance-ending	$ -	$ 8,300,000	$ 1,479,966	$ (6,820,034)

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) Fun**d 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.

CITY OF REDMOND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	Fleet Maintenance	Insurance	Medical Self-Insurance
ASSETS			
Current assets:			
Cash and cash equivalents	$ 466,081	$ 88,814	$ 580,833
Investments	3,082,346	804,041	5,259,057
Accounts and contracts	-	-	-
Interest	12,383	3,259	21,484
Due from other governments	-	-	-
Inventory	50,414	-	-
Pre-Paid insurance	-	523,710	-
Current assets restricted:			
Customer deposits:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Revenue bond redemption:			
Cash	-	-	-
Investments	-	-	-
Total current assets	3,611,224	1,419,824	5,861,374
Noncurrent assets:			
Deferred charges	-	-	-
Capital assets:			
Land	584,292	-	-
Buildings	510,196	-	-
Leasehold improvements	-	-	-
Improvements other than buildings	248,876	-	-
Equipment	12,109,452	-	-
Construction in progress	-	-	-
Other property	-	-	-
Less accumulated depreciation	(8,163,650)	-	-
Projects in progress	-	-	-
Deferred charges	-	-	-
Total noncurrent assets	5,289,166	-	-
Total assets	$ 8,900,390	$ 1,419,824	$ 5,861,374

CITY OF REDMOND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	Fleet Maintenance	Insurance	Medical Self-Insurance
LIABILITIES			
Current liabilities:			
Accounts payable	$ 111,790	$ 470	$ 1,023,971
Employee wages payable	6,566	743	-
Compensated absences	30,974	4,730	-
Due to other governments	-	-	-
Current LID payable	-	-	-
Unearned revenues	-	-	-
Current liabilities payable from restricted assets:			
Customer deposits payable	-	-	-
Current bond principal	-	-	-
Accrued interest payable	-	-	-
Total current liabilities	149,330	5,943	1,023,971
Noncurrent liabilities:			
Revenue bonds payable, net	-	-	-
Loans payable	-	-	-
LID assessment	-	-	-
Compensated absences	4,614	706	-
Total noncurrent liabilities	4,614	706	-
Total liabilities	153,944	6,649	1,023,971
NET ASSETS			
Invested in capital assets, net of related debt	5,289,166	-	-
Restricted for debt service	-	-	-
Reserved for replacement	3,457,280	-	-
Unrestricted	-	1,413,175	4,837,403
Total net assets	$ 8,746,446	$ 1,413,175	$ 4,837,403

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

CITY OF REDMOND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 93,985	$ 2,306,307	$ 872,455	$ 4,408,475
Investments	856,734	-	-	10,002,178
Accounts and contracts	-	-	-	-
Interest	3,330	-	1,210	41,666
Due from other governments	-	-	-	-
Inventory	-	-	-	50,414
Pre-Paid insurance	-	-	38,159	561,869
Current assets restricted:				
Customer deposits:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Revenue bond redemption:				
Cash	-	-	-	-
Investments	-	-	-	-
Total current assets	954,049	2,306,307	911,824	15,064,602
Noncurrent assets:				
Deferred charges	-	-	-	-
Capital assets:				
Land	-	-	-	584,292
Buildings	-	109,298	-	619,494
Leasehold improvements	-	-	-	-
Improvements other than buildings	-	60,637	-	309,513
Equipment	-	386,310	-	12,495,762
Construction in progress	-	-	-	-
Other property	-	-	-	-
Less accumulated depreciation	-	(185,621)	-	(8,349,271)
Projects in progress	-	-	-	-
Deferred charges	-	-	-	-
Total noncurrent assets	-	370,624	-	5,659,790
Total assets	$ 954,049	$ 2,676,931	$ 911,824	$ 20,724,392

CITY OF REDMOND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 98,946	$ 72,228	108,465	$ 1,415,870
Employee wages payable	2,384	36,666	-	46,359
Compensated absences	11,652	168,271	-	215,627
Due to other governments	-	-	-	-
Current LID payable	-	-	-	-
Unearned revenues	-	-	323,093	323,093
Current liabilities payable from restricted assets:				
Customer deposits payable	-	-	-	-
Current bond principal	-	-	-	-
Accrued interest payable	-	-	-	-
Total current liabilities	112,982	277,165	431,558	2,000,949
Noncurrent liabilities:				
Revenue bonds payable, net	-	-	-	-
Loans payable	-	-	-	-
LID assessment	-	-	-	-
Compensated absences	1,736	16,084	-	23,140
Total noncurrent liabilities	1,736	16,084	-	23,140
Total liabilities	114,718	293,249	431,558	2,024,089
NET ASSETS				
Invested in capital assets, net of related debt	-	370,624	-	5,659,790
Restricted for debt service	-	-	-	-
Reserved for replacement	-	-	-	3,457,280
Unrestricted	839,331	2,013,058	480,266	9,583,233
Total net assets	$ 839,331	$ 2,383,682	$ 480,266	$ 18,700,303

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

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Fleet Maintenance	Insurance	Medical Self-Insurance
Operating revenues:			
Charges for services	$ 94,397	$ -	$ -
Metro	-	-	-
Charges for replacement	2,093,345	-	-
Charges for insurance	-	518,560	9,425,389
Total operating revenues	2,187,742	518,560	9,425,389
Operating expenses:			
Administrative and general	-	-	-
Purchased water	-	-	-
Metro service	-	-	-
Supplies	164,476	-	578
Maintenance and operations	1,262,291	633,277	9,602,030
Taxes	-	-	-
Depreciation and amortization	1,158,829	-	-
Total operating expenses	2,585,596	633,277	9,602,608
Operating income (loss)	(397,854)	(114,717)	(177,219)
Nonoperating revenues (expenses):			
Interest and investment revenue	31,632	10,522	56,384
Interest expense	-	-	-
Grant income	-	-	-
Intergovernmental COBRA tax credit	-	-	11,078
Amortization of debt issue costs	-	-	-
Gain (Loss) on sale of capital assets	110,446	-	-
Insurance recovery	-	24,072	936,466
Miscellaneous	-	21	679
Total nonoperating revenues (expenses)	142,078	34,615	1,004,607
Income (loss) before contributions and transfers	(255,776)	(80,102)	827,388
Capital contributions	-	-	-
Transfers in	7,800	-	-
Transfers out	-	-	(102,797)
Change in net assets	(247,976)	(80,102)	724,591
Total net assets - beginning	8,994,422	1,493,277	4,112,812
Total net assets - ending	$ 8,746,446	$ 1,413,175	$ 4,837,403

See accompanying notes to the financial statements.

CITY OF REDMOND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2011

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
Operating revenues:				
Charges for services	$ -	$ 3,682,833	$ 1,000,774	$ 4,778,004
Metro	-	-	-	-
Charges for replacement	-	-	-	2,093,345
Charges for insurance	899,955	-	-	10,843,904
Total operating revenues	899,955	3,682,833	1,000,774	17,715,253
Operating expenses:				
Administrative and general	-	-	334,467	334,467
Purchased water	-	-	-	-
Metro service	-	-	-	-
Supplies	122	92,530	-	257,706
Maintenance and operations	837,556	4,659,352	581,503	17,576,009
Taxes	-	-	-	-
Depreciation and amortization	-	20,381	-	1,179,210
Total operating expenses	837,678	4,772,263	915,970	19,347,392
Operating income (loss)	62,277	(1,089,430)	84,804	(1,632,139)
Nonoperating revenues (expenses):				
Interest and investment revenue	8,011	-	59	106,608
Interest expense	-	-	-	-
Grant income	-	-	-	-
Intergovernmental COBRA tax credit	-	-	-	11,078
Amortization of debt issue costs	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	110,446
Insurance recovery	-	-	-	960,538
Miscellaneous	-	-	-	700
Total nonoperating revenues (expenses)	8,011	-	59	1,189,370
Income (loss) before contributions and transfers	70,288	(1,089,430)	84,863	(442,769)
Capital contributions	-	-	-	-
Transfers in	-	-	-	7,800
Transfers out	-	-	-	(102,797)
Change in net assets	70,288	(1,089,430)	84,863	(537,766)
Total net assets - beginning	769,043	3,473,112	395,403	19,238,069
Total net assets - ending	$ 839,331	$ 2,383,682	$ 480,266	$ 18,700,303

See accompanying notes to the financial statements.

CITY OF REDMOND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Fleet Maintenance	Insurance	Medical Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,187,742	$ 518,560	$ 9,426,258
Cash received for replacement	-	-	-
Cash received from interest	-	-	-
Cash received from prior period overpayment	-	-	-
Cash payments to suppliers	(1,385,256)	(830,916)	(363,635)
Cash payments to employees	(58,023)	(1,685)	(9,223,119)
Cash payments to other governments	-	-	-
Internal activity - payments to other funds	-	-	-
Other operating receipts	-	-	-
Other operating payments		24,093	-
Net cash provided by operating activities	744,463	(289,948)	(160,496)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Non-Operating transfers out	-	-	(102,797)
Dividends	-	-	-
Employee insurance premium contributions	-	-	-
Grants	-	-	-
Interfund loan repayment	-	-	-
Contributed capital	-	-	-
Other non-operating revenues (expenses)	-	-	948,223
Residual equity transfers out	7,800	-	-
Net cash provided (used) by noncapital financing activities	7,800	-	845,426
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(327,914)	-	-
Acquisition of other assets	-	-	-
Proceeds from sale of capital assets	110,446	-	-
Proceeds from sale of other assets	-	-	-
Principal paid on revenue bonds	-	-	-
Principal paid on other debt	-	-	-
Interest paid on revenue bonds and other debt	-	-	3,204
Net cash used for capital and related financing activities	(217,468)	-	3,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	-	-	-
Investment sales/maturities	(816,683)	129,581	(1,166,853)
Interest on investments	25,184	9,645	45,714
Net cash provided (used) in investing activities	(791,499)	139,226	(1,121,139)
Net increase (decrease) in cash and cash equivalents	(256,704)	(150,722)	(433,005)
Cash and cash equivalents-beginning of year	722,785	239,536	1,013,838
Cash and cash equivalents-end of year	$ 466,081	$ 88,814	$ 580,833

CITY OF REDMOND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Fleet Maintenance	Insurance	Medical Self-Insurance
Cash at the end of the year consists of:			
Operating fund cash	466,081	88,814	580,833
Bond reserve cash	-	-	-
Customer deposits	-	-	-
Total cash at end of year	$ 466,081	$ 88,814	$ 580,833

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

Operating income (loss)	$ (397,854)	$ (114,717)	$ (177,219)
Adjustments to reconcile operating income to net cash provided by Operating activities:			
Depreciation and amortization	1,158,829	-	-
Decrease (increase) in accounts receivable	-	-	869
Decrease (increase) in inventory	2,066	-	-
Decrease (increase) in prepaid expenses	-	(195,484)	-
Increase in due from other governments	-	-	-
Decrease (increase) in projects in progress	-	-	-
Increase (decrease) in accounts payable	(21,343)	(9,106)	15,854
Increase (decrease) in employee wages payable	4,543	65	-
Increase (decrease) in compensated absences payable	(1,778)	5,201	-
Increase (decrease) in due to other governments	-	-	-
Increase (decrease) in customer deposits payable	-	-	-
Reclassify other income	-	-	-
Increase (decrease) in unearned revenues	-	24,093	-
Net cash provided by operating activities	$ 744,463	$ (289,948)	$ (160,496)

See accompanying notes to the financial statements.

CITY OF REDMOND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 899,955	$ 3,682,833	$ 1,000,774	$ 17,716,122
Cash received for replacement	-	-	-	-
Cash received from interest	-	-	-	-
Cash received from prior period overpayment	-	-	-	-
Cash payments to suppliers	(299,402)	(4,172,681)	(562,786)	(7,614,676)
Cash payments to employees	(495,716)	(247,639)	-	(10,026,182)
Cash payments to other governments	-	-	-	-
Internal activity - payments to other funds	-	-	-	-
Other operating receipts	-	-	-	-
Other operating payments	-	-	-	24,093
Net cash provided by operating activities	104,837	(737,487)	437,988	99,357
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Non-Operating transfers out	-	-	-	(102,797)
Dividends	-	-	-	-
Employee insurance premium contributions	-	-	-	-
Grants	-	-	-	-
Interfund loan repayment	-	-	-	-
Contributed capital	-	-	-	-
Other non-operating revenues (expenses)	-	-	-	948,223
Residual equity transfers out	-	-	-	7,800
Net cash provided (used) by noncapital financing activities	-	-	-	853,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(205,551)	-	(533,465)
Acquisition of other assets	-	-	-	-
Proceeds from sale of capital assets	-	-	-	110,446
Proceeds from sale of other assets	-		-	-
Principal paid on revenue bonds	-	-	-	-
Principal paid on other debt	-	-	-	-
Interest paid on revenue bonds and other debt	856,734	-	-	859,938
Net cash used for capital and related financing activities	856,734	(205,551)	-	436,919
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment purchases	-	-	-	-
Investment sales/maturities	(1,040,883)	-	-	(2,894,838)
Interest on investments	6,366	-	(783)	86,126
Net cash provided (used) in investing activities	(1,034,517)	-	(783)	(2,808,712)
Net increase in cash and cash equivalents	(72,946)	(943,038)	437,205	(1,419,210)
Cash and cash equivalents-beginning of year	166,931	3,249,345	435,250	5,827,685
Cash and cash equivalents-end of year	$ 93,985	$ 2,306,307	$ 872,455	$ 4,408,475

CITY OF REDMOND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
Cash at the end of the year consists of:				
Operating fund cash	93,985	2,306,307	872,455	4,408,475
Bond reserve cash	-	-	-	-
Customer deposits	-	-	-	-
Total cash at end of year	$ 93,985	$ 2,306,307	$ 872,455	$ 4,408,475

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

Operating income (loss)	$ 62,277	$ (1,089,430)	$ 84,804	$ (1,632,139)
Adjustments to reconcile operating income to net cash provided by Operating activities:				
Depreciation and amortization	-	20,381	-	1,179,210
Decrease (increase) in accounts receivable	-	-	-	869
Decrease (increase) in inventory	-	-	-	2,066
Decrease (increase) in prepaid expenses	-	242,929	29,236	76,681
Increase in due from other governments	-	-	-	-
Decrease (increase) in projects in progress	-	-	-	-
Increase (decrease) in accounts payable	26,788	44,074	855	57,122
Increase (decrease) in employee wages payable	2,384	27,866	-	34,858
Increase (decrease) in compensated absences payable	13,388	16,693	-	33,504
Increase (decrease) in due to other governments	-	-	-	-
Increase (decrease) in customer deposits payable	-	-	-	-
Reclassify other income	-	-	-	-
Increase (decrease) in unearned revenues	-	-	323,093	347,186
Net cash provided (used) by operating activities	$ 104,837	$ (737,487)	$ 437,988	$ 99,357

Noncash investing, capital and financing activities:	
Other funds of the city transferred vehicles valued at	$ 7,800
The fair value of investments in the Fleet Maintenance Fund increased by	(5,241)
The fair value of investments in the Insurance Fund increased by	(1,367)
The fair value of investments in the Medical Self-Insurance Fund increased by	8,943
The fair value of investments in the Workman's Compensation Fund increased by	(1,457)

See accompanying notes to the financial statements.

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.

CITY OF REDMOND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2011

	Inter-Governmental Custodial	MEBT	Contractor's Deposits	Total
ASSETS				
Cash and cash equivalents	$ 15,530	$ 356,243	$ 581,452	$ 953,225
Receivables	1,962	-	-	1,962
Total assets	$ 17,492	$ 356,243	$ 581,452	$ 955,187
LIABILITIES				
Accounts payable	$ 13,901	$ -	$ (1,498)	$ 12,403
Due to other governments	3,591	-	-	3,591
Custodial	-	356,243	-	356,243
Trust account	-	-	582,950	582,950
Total liabilities	$ 17,492	$ 356,243	$ 581,452	$ 955,187

CITY OF REDMOND
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	1-1-11 BALANCE	ADDITIONS	DELETIONS	12-31-11 BALANCE
INTERGOVERNMENTAL CUSTODIAL				
ASSETS				
Cash and cash equivalents	$ 27,104	$ 232,009	$ 243,582	$ 15,531
Accounts receivable	205	15,024	13,268	1,961
Total Assets	$ 27,309	$ 247,033	$ 256,850	$ 17,492
LIABILITIES				
Accounts payable	$ 20,291	$ 228,579	$ 234,969	$ 13,901
Due to other governments	7,018	262,034	265,461	3,591
Total Liabilities	$ 27,309	$ 490,613	$ 500,430	$ 17,492
MEBT				
ASSETS				
Cash and cash equivalents	$ 33,076	$ 4,759,967	$ 4,436,800	$ 356,243
Total Assets	$ 33,076	$ 4,759,967	$ 4,436,800	$ 356,243
LIABILITIES				
Custodial	$ 33,076	$ 6,664,913	$ 6,341,746	$ 356,243
Total Liabilities	$ 33,076	$ 6,664,913	$ 6,341,746	$ 356,243
CONTRACTORS DEPOSIT				
ASSETS				
Cash and cash equivalents	$ 1,167,291	$ 1,186,738	$ 1,772,577	$ 581,452
Accounts Receivable	82,751	-	82,751	-
Total Assets	$ 1,250,042	$ 1,186,738	$ 1,855,328	$ 581,452
LIABILITIES				
Trust account	$ 1,250,042	$ 885,503	$ 1,552,595	$ 582,950
Account Payable	-	791,689	793,187	(1,498)
Total Liabilities	$ 1,250,042	$ 1,677,192	$ 2,345,782	$ 581,452
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 1,227,471	$ 6,178,714	$ 6,452,959	$ 953,226
Accounts Receivable	82,956	15,024	96,019	1,961
Total Assets	$ 1,310,427	$ 6,193,738	$ 6,548,978	$ 955,187
LIABILITIES				
Accounts payable	$ 20,291	$ 1,020,268	$ 1,028,156	$ 12,403
Due to other governments	7,018	262,034	265,461	3,591
Custodial	33,076	6,664,913	6,341,746	356,243
Trust account	1,250,042	885,503	1,552,595	582,950
Total Liabilities	$ 1,310,427	$ 8,832,718	$ 9,187,958	$ 955,187

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF REDMOND

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULES BY SOURCE

DECEMBER 31, 2011 and 2010

	2011	2010
Governmental funds capital assets:		
Land	$ 84,481,122	$ 84,078,971
Buildings	67,713,506	67,713,506
Improvements other than buildings	28,253,148	27,174,424
Machinery and equipment	17,533,886	16,245,692
Artwork	344,583	328,365
Infrastructure	228,203,867	213,138,110
Construction in progress	16,951,480	11,345,016
Total governmental funds capital assets	$ 443,481,592	$ 420,024,084

Investments in governmental funds capital assets by source:		
General fund	$ 288,331,154	$ 267,438,403
Special revenue funds	9,952,852	9,952,852
Impact fees	24,811,870	24,425,167
Federal grants	6,915,277	5,045,187
General obligation bonds	87,678,316	87,678,316
Private gifts	25,792,123	25,484,159
Total governmental funds capital assets	$ 443,481,592	$ 420,024,084

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

CITY OF REDMOND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
DECEMBER 31, 2011 and 2010

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
General government				
Finance	$ -	$ -	$ -	$ 3,497,122
Planning	-	-	-	1,128,743
General government	9,061,967	36,574,185	6,907,827	1,691,576
Public works/general	5,071,065	2,592,361	267,533	205,766
Total general government	14,133,032	39,166,546	7,175,360	6,523,207
Security				
Police	-	7,531,872	92,458	2,012,070
Fire	3,263,488	10,594,687	234,014	8,471,924
Total security	3,263,488	18,126,559	326,472	10,483,994
Transportation	43,727,621	-	-	51,975
Culture and recreation				
Parks and recreation	23,250,167	8,597,876	20,551,316	441,050
Senior center	106,814	1,822,525	200,000	33,660
Total culture and recreation	23,356,981	10,420,401	20,751,316	474,710
capital assets	$ 84,481,122	$ 67,713,506	$ 28,253,148	$ 17,533,886

CITY OF REDMOND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
DECEMBER 31, 2011 and 2010

Function and Activity	Artwork	Infrastructure	Construction in Progress	Total
General government				
Finance	$ -	$ -	$ -	$ 3,497,122
Planning	-	-	-	1,128,743
General government	16,218	15,065,756	(16,886,049)	52,431,480
Public works/general	-	-	193,489	8,330,214
Total general government	16,218	15,065,756	(16,692,560)	65,387,559
Security				
Police	-	-	-	9,636,400
Fire	-	-	6,546,835	29,110,948
Total security	-	-	6,546,835	38,747,348
Transportation	-	205,458,996	18,289,810	267,528,402
Culture and recreation				
Parks and recreation	328,365	7,679,114	8,807,396	69,655,284
Senior center	-	-	-	2,162,999
Total culture and recreation	328,365	7,679,114	8,807,396	71,818,283
capital assets	$ 344,583	$ 228,203,866	$ 16,951,481	$ 443,481,592

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.

CITY OF REDMOND

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

DECEMBER 31, 2011 and 2010

Function and Activity	Governmental Funds Capital Assets 1-1-11	Additions	Deductions	Governmental Funds Capital Assets 12-31-11
General government				
Finance	$ 3,497,122	$ -	$ -	$ 3,497,122
Planning	1,128,743	-	-	1,128,743
General government	51,892,135	18,860,902	18,298,059	52,454,978
Public works/general	8,330,214	-	-	8,330,214
Total general government	64,848,214	18,860,902	18,298,059	65,411,057
Security				
Police	9,636,400			9,636,400
Fire	23,648,088	5,462,860	-	29,110,948
Total security	33,284,488	5,462,860	-	38,747,348
Transportation	258,094,192	9,333,745	-	267,427,937
Culture and recreation				
Parks and recreation	61,634,191	8,098,060	-	69,732,251
Senior center	2,162,999	-	-	2,162,999
Total culture and recreation	63,797,190	8,098,060	-	71,895,250
Total governmental funds capital asset	$ 420,024,084	$ 41,755,567	$ 18,298,059	$ 443,481,592

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.

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Financial Trends **106**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **112**

These schedules contain information to help the reader assess the City's tax revenue sources.

Debt Capacity **117**

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.

Demographic and Economic Information **122**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **124**

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.

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 Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	$ 147,898	$ 166,566	$ 183,981	$ 197,288	$ 209,981	$ 231,771	$ 238,895	$ 256,114	$ 257,663	$ 266,802
Restricted	16,655	15,844	18,383	17,545	23,428	24,320	24,203	25,938	37,127	47,237
Unrestricted	53,633	51,403	50,835	52,174	55,978	67,326	77,758	83,798	49,826	37,829
Total governmental activities net assets	$ 218,186	$ 233,813	$ 253,199	$ 267,007	$ 289,387	$ 323,417	$ 340,856	$ 365,850	$ 344,616	$ 351,868
Business-type activities										
Invested in capital assets, net of related debt	$ 135,246	$ 149,666	$ 158,988	$ 171,591	$ 193,432	$ 212,565	$ 228,193	$ 234,272	$ 242,798	$ 256,195
Restricted	1,005	-	-	-	-	-	7,686	1,372	2,221	2,221
Unrestricted	28,312	30,450	30,783	28,482	22,841	35,988	37,126	48,280	51,970	50,415
Total business-type activities net assets	$ 164,563	$ 180,116	$ 189,771	$ 200,073	$ 216,273	$ 248,553	$ 273,005	$ 283,924	$ 296,989	$ 308,831
Primary government										
Invested in capital assets, net of related debt	$ 283,144	$ 316,232	$ 342,969	$ 368,879	$ 403,413	$ 444,336	$ 467,088	$ 490,386	$ 500,461	$ 522,997
Restricted	17,660	15,844	18,383	17,545	23,428	24,320	31,889	27,310	39,348	49,458
Unrestricted	81,945	81,853	81,618	80,656	78,819	103,314	114,884	132,078	101,796	88,244
Total primary government net assets	$ 382,749	$ 413,929	$ 442,970	$ 467,080	$ 505,660	$ 571,970	$ 613,861	$ 649,774	$ 641,605	$ 660,699

Schedule 2

Changes in Net Assets (in thousands)

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	$ 10,413	$ 10,554	$ 10,599	$ 14,498	$ 14,024	$ 13,390	$ 14,823	$ 18,222	$ 19,571	$ 24,253
Security	23,487	26,711	30,032	31,089	34,353	41,105	40,940	40,319	36,764	28,751
Physical Environment	3,875	4,074	3,080	3,055	3,395	3,360	3,962	3,763	5,283	5,976
Economic environment	3,018	3,603	3,391	3,160	3,458	3,488	3,689	4,664	5,719	6,218
Transportation	8,077	8,633	7,983	9,150	9,533	10,616	16,502	16,530	42,052	14,818
Mental/physical health	85	88	95	94	98	98	97	12	13	890
Culture and Recreation	6,304	7,779	7,489	8,121	8,908	9,551	11,104	11,103	14,457	15,191
Interest on long-term debt	910	747	459	462	2,012	1,990	2,045	1,891	1,813	3,506
Total governmental activities expenses	56,169	62,189	63,128	69,629	75,781	83,598	93,162	96,504	125,672	99,603
Business-type activities:										
Water/wastewater	17,286	18,323	18,340	20,617	20,915	22,528	26,467	27,085	25,191	27,990
UPD Water/wastewater	1,622	2,121	3,373	4,003	3,610	5,466	5,908	4,963	5,542	5,752
Stormwater	3,937	4,799	5,293	5,332	5,949	6,188	6,580	6,746	6,407	7,061
Total business-type activities net assets	22,845	25,243	27,006	29,952	30,474	34,182	38,955	38,794	37,140	40,803
Total primary government expenses	$ 79,014	$ 87,432	$ 90,134	$ 99,581	$ 106,255	$ 117,780	$ 132,117	$ 135,298	$ 162,812	$ 140,406
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	$ 3,355	$ 8,640
Security	5,535	8,237	9,001	9,140	10,687	13,223	13,881	15,764	13,776	15,825
Physical Environment	359	397	248	365	376	372	379	421	468	
Economic environment	4,910	7,795	9,166	7,567	10,573	12,874	14,256	16,573	9,132	3,491
Transportation	328	141	23	24	652	1,398	433	13	11	2,971
Mental/Physical Health	-	-	-	-	-	-	-	-	-	5
Culture and Recreation	1,016	1,116	1,252	1,532	1,701	1,774	1,793	2,050	2,171	3,351
Operating grants and contributions	1,970	2,589	3,356	5,158	6,967	5,903	7,383	2,830	8,334	760
Capital grants and contributions	9,616	5,381	6,067	2,778	5,312	5,227	5,240	19,834	3,419	2,513
Total governmental activities program revenues	25,941	28,022	31,519	28,813	39,014	43,811	46,431	60,683	40,666	37,556

Schedule 2 (continued)

Changes in Net Assets (in thousands)

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
Charges for services:										
Water/wastewater	17,182	18,440	19,684	20,658	21,085	26,127	24,960	26,577	25,451	27,977
UPD Water/wastewater	1,600	2,111	3,440	3,804	3,363	5,525	5,098	4,829	5,362	5,850
Stormwater	6,863	6,940	7,216	7,164	7,466	11,315	10,715	10,656	11,002	11,154
Operating grants and contributions	-	1	29	-	0	523	19	58	602	599
Capital grants and contributions	19,078	12,651	7,115	7,809	13,341	21,160	20,735	6,681	7,060	6,403
Total business-type activities program revenues	44,723	40,143	37,484	39,435	45,255	64,650	61,527	48,801	49,477	51,983
Total primary government program revenues	$ 70,664	$ 68,165	$ 69,003	$ 68,248	$ 84,269	$ 108,461	$ 107,958	$ 109,484	$ 90,143	$ 89,539
Net (Expense)/Revenue										
Governmental activities	$ (30,228)	$ (34,169)	$ (31,608)	$ (41,147)	$ (36,768)	$ (39,787)	$ (46,733)	$ (35,821)	$ (85,007)	$ (62,080)
Business-type activities	21,878	14,899	10,478	9,813	14,781	30,470	22,571	10,007	12,337	11,180
Total primary government net expense	(8,350)	(19,270)	(21,130)	(31,334)	(21,987)	(9,317)	(24,162)	(25,814)	(72,670)	(50,900)
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	20,930	21,978
Sales taxes	15,905	17,575	18,955	18,648	20,071	24,420	20,675	18,996	19,038	24,895
Other	15,117	16,164	16,510	18,705	22,174	27,404	19,578	19,263	18,664	19,338
Unrestricted investment interest	3,052	1,681	1,119	1,928	3,665	5,135	4,087	2,087	1,114	937
Miscellaneous	285	894	524	605	582	4,203	1,121	1,008	4,103	2,063
Gain (Loss) on sale of capital assets	-	22	49	18	7	(384)	121	14	(76)	88
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	63,773	69,299
Business-type activities:										
Unrestricted investment interest	1,135	767	517	785	1,298	1,668	1,740	737	623	519
Miscellaneous	54	48	47	63	149	143	140	176	105	143
Special items	(637)	-	-	-	-	-	-	-	-	-
Transfers	(16)	(161)	(24)	(28)	(29)	-	-	-	-	-
Total business-type activities	536	654	540	820	1,418	1,811	1,880	913	728	662
Total primary government	$ 47,885	$ 50,449	$ 51,534	$ 55,445	$ 60,567	$ 75,628	$ 66,051	$ 61,727	$ 64,501	$ 69,961
Change in Net Assets										
Governmental activities	$ 17,120	$ 15,627	$ 19,386	$ 13,477	$ 22,380	$ 34,030	$ 17,439	$ 24,994	$ (21,234)	$ 7,252
Business-type activities	22,413	15,554	11,018	10,633	16,200	32,280	24,452	10,919	13,065	11,842
Total primary government	$ 39,533	$ 31,181	$ 30,404	$ 24,110	$ 38,580	$ 66,310	$ 41,891	$ 35,913	$ (8,169)	$ 19,094

Schedule 3

Fund Balances, Governmental Funds (in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	4,504	-
Nonspendable**	-	-	-	-	-	-	-	-	-	-
Spendable**:										
Restricted	-	-	-	-	-	-	-	-	-	6,139
Committed	-	-	-	-	-	-	-	-	-	16,689
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	11,105
Total*	$ 5,038	$ 5,309	$ 5,031	$ 6,205	$ 9,058	$ 14,685	$ 16,177	$ 6,489	$ 4,504	$ 33,933
All Other Governmental Funds										
Reserved	$ 1,924	$ 1,593	$ 1,675	$ 1,537	$ 1,550	$ 1,608	$ 1,526	$ 1,244	$ 273	$ -
Unreserved, reported in:										
Special revenue funds	20,302	21,500	21,670	21,413	24,249	32,280	38,603	31,914	27,499	-
Capital projects funds	39,797	35,774	36,783	34,293	39,688	37,125	47,384	61,866	47,277	-
Nonspendable**	-	-	-	-	-	-	-	-	-	-
Spendable**:										
Restricted	-	-	-	-	-	-	-	-	-	20,752
Committed	-	-	-	-	-	-	-	-	-	23,029
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds*:	$ 62,023	$ 58,867	$ 60,128	$ 57,243	$ 65,487	$ 71,013	$ 87,513	$ 95,024	$ 75,049	$ 43,781

*In 2011 The substantial increase in the fund balance of the General Fund and decrease in the fund balance of All Other Governmental Funds resulted from the implementation of GASB 54.

**Starting with the fiscal year ending December 31, 2011 the City implemented GASB 54 which required a new classification for fund balances.

Schedule 4

Changes in Fund Balances, Governmental Funds

(in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 43,587	$ 46,582	$ 48,762	$ 51,518	$ 54,353	$ 64,271	$ 58,256	$ 57,101	$ 57,958	$ 66,211
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	6,523	6,510
Contributions from property owners	3,847	2,178	3,707	837	4,035	3,677	2,629	10,554	6,474	270
Intergovernmental	8,003	12,378	13,684	12,918	15,057	17,459	18,077	26,569	18,465	18,404
Charges for services	5,355	7,373	9,361	6,259	8,007	9,258	12,325	15,448	8,880	9,860
Fines and forfeitures	326	222	181	97	52	826	864	1,053	1,038	2,204
Investment interest	3,678	1,857	944	1,582	3,146	4,406	3,752	2,237	1,238	856
Miscellaneous	287	878	524	604	581	1,011	1,011	957	601	972
Total revenues	69,723	76,437	81,473	79,991	93,143	111,073	105,498	121,064	101,177	105,287
Expenditures										
General government	9,710	10,052	10,239	12,616	12,963	12,384	13,785	18,087	15,132	12,943
Security (persons/property)	22,707	25,840	29,452	30,008	33,247	40,155	39,775	43,229	41,858	42,191
Physical environment	3,896	3,838	3,440	2,995	3,416	3,382	3,817	3,728	3,475	4,405
Transportation	4,245	5,857	4,808	5,237	4,415	6,712	6,685	9,260	6,552	8,200
Economic environment	3,114	3,591	3,429	3,297	3,524	3,382	3,907	4,343	4,649	4,864
Mental/physical health	85	88	95	94	98	98	97	12	13	890
Culture and Recreation	6,704	7,270	7,132	7,225	8,072	8,690	9,901	10,060	10,913	10,642
Capital outlay	13,573	22,058	56,228	15,255	12,303	23,865	39,832	28,016	34,282	24,591
Debt service:										
Principal	3,962	3,750	4,229	4,469	1,940	2,540	2,448	3,109	3,008	3,584
Interest and debt issue costs	928	767	750	607	2,110	2,041	2,565	3,420	3,298	3,575
Total expenditures	68,924	83,111	119,802	81,803	82,088	103,249	122,812	123,264	123,180	115,885
Excess of revenues over (under) expenditures	$ 799	$ (6,674)	$ (38,329)	$ (1,812)	$ 11,055	$ 7,824	$ (17,314)	$ (2,200)	$ (22,003)	$ (10,598)

Schedule 4 (continued)

Changes in Fund Balances, Governmental Funds

(in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Finance Sources (Uses)										
Insurance Recoveries	$ -	$ -	$ -	$ -	$ -	$ -	$ 111	$ -	$ 8	$ 3
Proceeds from borrowing	-	3,698	39,230	-	-	-	36,560	-	-	8,643
Disposition of capital assets	7	25	7	4	4	3,196	-	49	45	18
Transfers in	16,198	18,325	15,784	16,682	17,335	23,294	12,929	27,681	19,536	25,071
Transfers out	(16,130)	(18,260)	(15,709)	(16,584)	(17,297)	(23,161)	(12,966)	(27,707)	(19,547)	(24,976)
Bond Proceeds to Refunding Trustee	-	-	-	-	-	-	(1,328)	-	-	-
Total other financing sources (uses)	75	3,788	39,312	102	42	3,329	35,306	23	42	8,759
Net change in fund balances	$ 874	$ (2,886)	$ 983	$ (1,710)	$ 11,097	$ 11,153	$ 17,992	$ (2,177)	$ (21,961)	$ (1,839)
Debt service as a percentage of noncapital expenditures	8.82%	7.39%	7.83%	7.46%	5.63%	5.77%	6.04%	6.85%	7.09%	7.84%

Schedule 5

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Valuation	Total Direct Tax Rate*
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
2010	$ 11,966,374,536	$ 1,362,914,250	$ 13,329,288,786	$ 1.58
2011	$ 11,283,288,467	$ 1,509,947,105	$ 12,793,235,572	$ 1.72

Source: King County Accounting Division

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

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

Schedule 6

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	City Direct Rates			Overlapping Rates										
	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	Total Direct and Overlapping Rate
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
2010	1.56	0.02	1.58	2.22	1.28	0.22	2.80	0.46	0.49	0.30	0.04	0.003	0.11	9.50
2011	1.70	0.02	1.72	2.28	1.34	0.22	2.98	0.48	0.57	0.30	0.05	0.004	0.11	10.05

Source: King County Assessor's Office

*Tax rates are per $1,000 of assessed value.
Initiative 747 passed in November 2001, and subsequent actions by the Washington State Legislature in 2007 limited the annual optional increase in property tax levies to the lesser of one percent or the implicit price deflator.

**New taxing district as of 2007.

***New taxing districts as of 2008.

Schedule 7

Principal Property Taxpayers

Current Year and Nine Years Ago

	2011			2002		
Taxpayer	**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)	$ 2,188,912,642	1	17.11%	$ 1,067,263,396	1	12.97%
Puget Sound Energy	142,020,255	2	1.11%	102,884,560	4	1.25%
Nintendo	107,786,220	3	0.84%	56,155,938	7	0.68%
BRE Properties	74,908,000	4	0.59%	31,728,000	10	0.39%
PPR Redmond Retail LLC (Redmond Town Center)	74,843,901	5	0.59%	213,824,616	2	2.60%
Essex Redmond Hill	65,234,000	6	0.51%	-	-	-
PS Business Parks LP (formerly Yett Family Partnership)	61,062,600	7	0.48%	-	-	-
Tishman Speyer Archstone (formerly Archstone-Smith)	55,713,000	8	0.44%	-	-	-
Hines Reit Laguna Campus	51,580,500	9	0.40%	-	-	-
ASN - Washington Holdings	42,054,000	10	0.33%	-	-	-
Verizon Northwest Inc.	-		-	58,220,261	6	0.71%
Safeco	-		-	153,096,734	3	1.86%
Eddie Bauer	-		-	36,547,500	8	0.44%
Archstone Communities Trust	-		-	102,734,200	5	1.25%
Yett Family Partnership LP	-		-	31,905,800	9	0.39%
TOTAL	$ 2,864,115,118		22.39%	$ 1,854,361,005		22.53%

Source: King County Assessor

* In 2011 the estimated value of real and personal property in the City of Redmond was $12,793,235,572.

* * In 2002 the estimated value of real and personal property in the City of Redmond was $8,229,630,575.

Schedule 8

Property Tax Levies and Collections

Last Ten Fiscal Years

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year*	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
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%
2010	21,033,841	20,844,302	99.10%	231,450	21,075,751	100.20%
2011	22,023,478	21,853,561	99.23%	182,911	22,036,474	100.06%

Source: King County Assessor and Redmond accounting division

*Includes levy adjustments, penalties and interest

Schedule 9

Summary of Sales Tax Revenues

Last Ten Fiscal Years

	Fiscal Year										
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	
Retail Trade Sales Tax											
Electronics and Appliances	330,752	305,285	690,202	658,225	671,664	638,768	531,796	1,087,674	1,445,772	1,996,031	
Furniture	533,665	410,689	313,708	259,799	336,218	262,470	436,382	266,049	288,418	331,975	
General Merchandise	350,324	337,771	650,100	623,497	1,537,810	1,515,512	911,412	1,343,640	1,363,100	1,362,973	
Miscellaneous Retail Trade	468,573	476,925	405,616	406,411	137,621	146,303	470,973	612,515	683,478	655,019	
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	2,501,637	2,500,904	
Total - Retail Trade	4,660,728	5,202,291	5,832,724	5,961,843	6,521,336	6,919,307	6,547,199	5,685,390	6,282,405	6,846,902	
Other Sectors Sales Tax											
Accommodation & 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	1,784,896	1,969,410	
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	2,486,201	2,205,571	
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	974,378	5,947,767	
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	1,650,525	2,279,490	
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	1,604,083	1,653,950	
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	2,976,015	2,641,246	
Total - Other Sectors Sales Tax	9,954,029	11,305,477	10,703,439	11,390,957	12,142,092	15,925,612	12,433,471	12,252,149	11,476,098	16,697,434	
Adjustments	260,046	-	1,298,906	-	-	-	118,361				*
Total - Retail Trade & Other Sectors	14,874,804	16,507,768	17,835,068	17,352,800	18,663,428	22,844,919	19,099,031	17,937,539	17,758,503	23,544,336	
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	1,279,366	1,401,337	**
Total Sales Tax	15,904,505	17,575,204	18,955,381	18,647,890	20,070,662	24,420,352	20,675,360	19,215,950	19,037,869	24,945,673	

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.

Schedule 10

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities					Business-Type Activities				
Fiscal Year	**General Obligation Bonds**	**Special Assessment Bonds**	**Public Works Trust Fund Loans**	**Capital Leases**	**Private Contract**	**Revenue Bonds**	**Loans**	**Total Primary Government**	**Percentage Of Per Capita Personal Income***	**Debt Per Capita****
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
2010	67,540,000	-	828,118	-	-	10,600,000	-	78,968,118	2.59%	1,471
2011	72,270,000	-	548,686	-	-	9,985,000	-	82,803,686	2.72%	1,501

* 2010 per capita income of $55,136 from US Bureau of Economic Analysis.

** 2011 population total of 55,150 from State of Washington Office of Financial Management.

Schedule 11

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property*	Per Capita
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
2010	67,540,000	0.51%	1,258
2011	72,270,000	0.56%	1,310

Source: King County Assessor

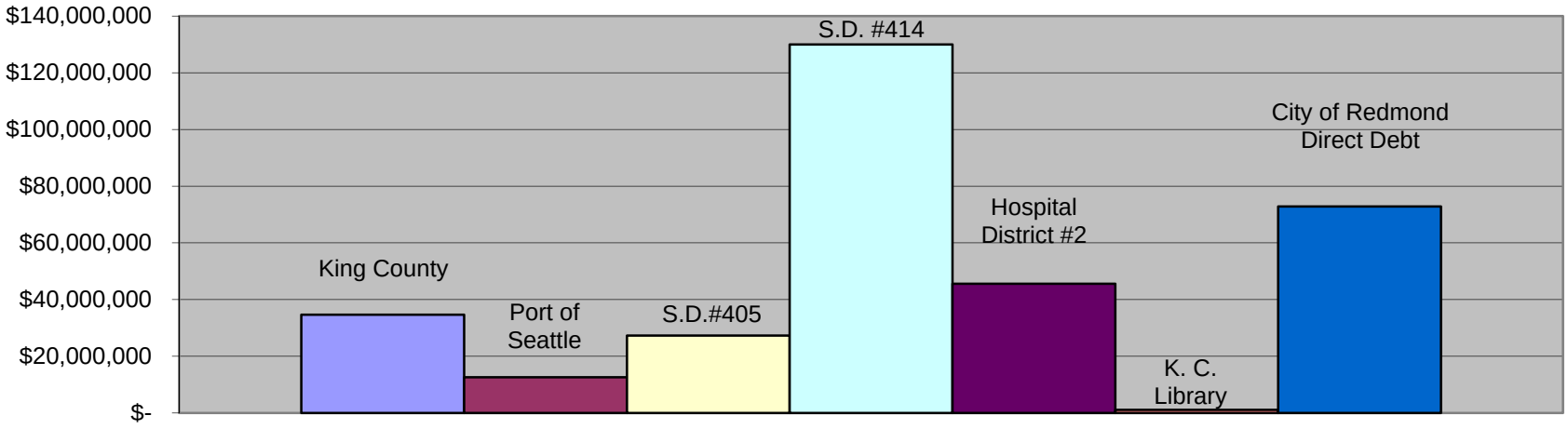
* In 2011 the estimated value of real and personal property in the City of Redmond was $12,793,235,572

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, 2011

	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping Debt:			
King County	$ 924,690,136	3.75%	$ 34,675,880
Port of Seattle	336,120,000	3.75%	12,604,500
School District #405	448,994,869	6.08%	27,298,888
School District #414	451,113,201	28.81%	129,965,713
Hospital District #2	216,293,289	21.07%	45,572,996
King CountyRural Library	123,116,633	0.91%	1,120,361
Total Overlapping Debt	2,500,328,128		251,238,340
Direct Debt: City of Redmond**	72,818,687	100.00%	72,818,687
Total Direct and Overlapping Debt	$ 2,573,146,815		$ 324,057,027



*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

Schedule 13

Legal Debt Margin Information (in thousands)
Last Ten Fiscal Years

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Debt limit	$ 617,222	$ 644,334	$ 660,118	$ 699,028	$ 773,319	$ 838,540	$ 955,493	$ 990,408	$ 998,139	$ 934,746
Total net debt applicable to limit	10,439	11,498	47,218	43,496	42,259	40,287	72,182	69,767	67,267	71,996
Legal debt margin	$ 606,783	$ 632,836	$ 612,900	$ 655,532	$ 731,060	$ 798,253	$ 883,311	$ 920,641	$ 930,872	$ 862,750
Total net debt applicable to limit as a percentage of debt limit	1.69%	1.78%	7.16%	6.23%	5.46%	4.80%	4.80%	7.04%	6.74%	7.70%

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, 2011 Assessed Value: $12,463,279					
2.50% of Assessed Value	$ -	$ 311,582	$ 311,582	$ 311,582	$ 934,746
1.50% of Assessed Value	186,949	(186,949)	-	-	-
Statutory Debt Limit	186,949	124,633	311,582	311,582	934,746
Debt Outstanding:					
Bonds	71,720	550	-	-	72,270
Total Debt Outstanding	71,720	550	-	-	72,270
Less amount available in Debt Service Fund	-	274	-	-	274
Net Debt Outstanding	71,720	276	-	-	71,996
Remaining Debt Capacity	$ 115,229	$ 124,357	$ 311,582	$ 311,582	$ 862,750.11

*Property assessed at 100% of the estimated value.

Schedule 14

Pledged-Revenue Coverage

Last Ten Fiscal Years

	Water/Wastewater Revenue Bonds						Special Assessment Bonds			
Fiscal Year	Gross Revenue **	Less: Operating Expenses ***	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage ****	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
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
2010^	38,542,022	26,557,555	11,984,467	590,000	512,887	10.87	-	170,000	8,820	0.00
2011	41,162,374	29,963,912	11,198,462	615,000	489,288	10.14	-	0	0	0.00

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.

^ The Special Assessment bonds were paid in full in 2010

Schedule 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Redmond Population*	Redmond Personal Income (in thousands)**	King County Per Capita Personal Income***	School Enrollment#	Number of Housing Units	Unemployment Rate##
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	$ 2,952,749	$ 56,904	8,369	23,323	6.6
2010	53,680	$ 2,959,700	$ 55,136	8,789	24,227	7.0
2011	55,150	$ -	$ -	9,060	24,671	5.6

* State of Washington, Office of Financial Management.
** King County Per Capita Personal Income applied to Redmond population.
*** King County Per Capita Personal Income as provided by Bureau of Economic Analysis.
# Lake Washington School District total as of October, 2008; includes schools with Redmond addresses, although some are located in unincorporated King County. Statistics are not available to determine the number of students from the Redmond/King County populace.
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

	2011			2002		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment****	**Employees**	**Rank**	**Percentage of Total City Employment*****
Microsoft Corporation (includes M S N B C)	32,058	1	45.41%	21,179	1	36.49%
AT&T Mobility	1,617	2	2.29%	8,205	2	14.14%
Volt Technical Resources, LLC (includes VMC Consulting)	1,417	3	2.01%	1,205	5	2.08%
Terex (formerly Genie Industries)	1,276	4	1.81%	2,295	3	3.95%
Lake Washington School District *	1,187	5	1.68%	-	-	-
Nintendo of America Inc. (includes Nintendo Software Technology)	860	6	1.22%	784	9	1.35%
Honeywell	695	8	0.98%	883	8	1.52%
Eurest Dining Services @ Microsoft	748	7	1.06%	-	-	-
United Parcel Service	563	9	0.80%	-	-	-
Physio Control	514	10	0.73%	-	-	-
Eddie Bauer, Inc.	-	-	-	922	7	1.59%
Group Health *	-	-	-	1,197	6	2.06%
Safeco Insurance Co.*	-	-	-	2,000	4	3.45%
Medtronic Physio-Control Corporation	-	-	-	688	10	1.19%
TOTAL	40,935		57.98%	39,358		67.81%

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

*Employer exempt from business license requirement

**Total city employment including exempt businesses listed is 70,599 for 2011.

***Total city employment including exempt businesses listed was 58,038 for 2002.

Schedule 17

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Executive	5.00	5.00	5.00	5.00	11.00	11.50	11.00	14.00	13.00	13.00
Finance and Information Services	55.22	58.60	58.60	58.60	58.60	62.60	63.60	59.97	55.81	56.81
Human Resources	8.00	8.00	8.00	8.00	8.00	9.63	9.63	13.43	11.50	11.50
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	60.57	58.24	58.24	56.24	50.24	50.81	58.31	50.72	43.65	43.65
Security										
Police	110.50	110.50	110.50	110.50	110.50	115.50	127.50	128.40	127.30	127.10
Fire	106.20	134.20	134.20	137.20	141.20	149.20	171.20	168.50	164.50	160.50
Culture and Recreation	50.24	51.12	51.12	50.82	50.82	54.12	62.22	62.67	61.55	61.54
Public Works	91.68	84.18	84.18	77.18	77.18	75.75	77.75	79.05	72.71	72.76
Water/Wastewater	36.88	37.13	37.13	38.78	38.78	39.60	39.60	40.60	39.29	39.25
UPD Water/Wastewater	6.84	6.84	6.84	5.94	5.94	5.94	5.94	5.94	-	-
Stormwater Management	28.49	26.49	26.49	29.46	29.46	29.77	29.77	28.77	31.67	31.67
Total	563.87	584.55	584.55	581.97	585.97	608.67	660.77	656.30	625.23	622.03

Source: City Budget Office

Schedule 18

Operating Indicators by Function/Program

Last Ten Fiscal Years*

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Calls dispatched	21,693	22,739	23,488	24,036	24,473	24,276	24,286	27,030	27,531	23,215
Parking violations	-	-	-	1,092	1,140	1,189	1,137	1,116	1,179	858
Traffic violations	-	-	-	7,183	8,120	7,381	9,381	10,532	13,574	7,990
Fire										
Calls for service (fire and aid)	6,625	7,999	9,736	9,733	10,905	9,896	10,508	10,740	10,404	9,587
Average response time (fire & aid) - minutes & seconds	-	7:06	6:54	7:11	7:27	7:14	6:30	6:30	6:24	6:43
Fire prevention maintenance inspections	-	-	-	803	1,421	1,394	1,500	2,587	1,606	1,690
Operations inspections ***	-	-	-	645	484	19 **	495	-	256	1,353
Culture and Recreation										
Preschool registrations	10,205	11,256	11,777	12,230	12,851	25,000 #	21,412	19,456	20,093	19,540
Youth registrations	15,388	17,307	18,684	19,132	20,292	24,377	26,415	18,046	19,118	23,244
Teen program registrations	13,171	21,642	21,264	27,753	25,843	28,047	25,097	18,722	19,512	15,764
Adult program registrations	18,947	37,656	37,843	47,044	54,585	61,450	59,959	43,151	41,920	45,313
Senior Center participants	65,288	75,386	74,816	75,612	84,752	45,028 ##	45,807	37,443	41,785	45,050
Utility Services ###										
Residential units served	9,943	10,985	11,755	12,284	12,805	13,195	13,563	13,669	13,972	14,236
Commercial units served	1,333	1,380	1,389	1,416	1,440	1,451	1,474	1,482	1,429	1,434
Water										
Average daily demand (gallons)	5,916,880	7,009,225	7,026,998	6,489,890	6,981,844	6,520,473	6,506,569	6,754,372	5,900,305	5,877,325

* Ten year trend information is not available for all categories due to initial implementation of GASB 44 on 12/31/05

** Program was suspended January 2(

*** 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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles *	n/a	n/a	n/a	49	49	49	50	45	59	59
Fire										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of fire engines	8	8	9	9	9	11	11	9	9	8
Number of aid vehicles	7	**13	13	13	16	15	15	16	15	16
Transportation										
Center lane miles of paved roads	131	131	131	136	136	137	138	138	142	143
Traffic signals	80	83	87	89	89	90	91	95	98	102
Street lights	943	970	983	983	983	1,132	1,290	1,286	1,279	1,343
Bridges	8	8	8	9	9	9	9	9	9	18
Culture and Recreation										
Number of developed parks	25	28	29	30	30	30	30	30	30	30
Number of undeveloped parks	14	16	14	13	9	7	7	8	8	8
Acres of developed parks	1,087	1,129	1,131	1,168	1,200	1,200	1,172	1,203	1,204	1,205
Acres of undeveloped parks	216	189	173	148	105	105	105	106	106	106
Miles of developed trails	24	24	25	25	44	44	44	44	36	37

Schedule 19 (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Utility Services										
Water										
Storage Capacity (millions of gallons)	26.6	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.8
Number of wells	5	5	5	5	5	5	5	5	5	5
Miles of main	280	280	280	283	304	309	315	327	328	331
Sewer										
Number of manholes	5,609	6,743	6,791	6,791	5,918	6,733	6,937	6,645	6,651	6,716
Miles of main***	221	216	218	218	194	214	219	211	212	214
Number of pumplift stations***	16	15	15	15	21	23	23	23	23	23
Stormwater										
# of manholes/catch basins	7,913	8,552	15,158	15,158	9,621	9,951	10,327	10,475	10,529	10,578
Miles of pipe***	252	164	169	169	162	167	172	173	174	175
Oil water separators***	211	24	24	24	24	24	24	24	24	24

*Ten year trend information is not available for this category due to initial implementation of GASB 44 on 12/31/05

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

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