

**City of Lynnwood,  
WASHINGTON**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

For the Fiscal Year

January 1 Through December 31, 2009

Prepared by:

Administrative Services Department  
Patrick Dugan  
Interim Finance Director

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August 30, 2010

Honorable Mayor Gough,  
Members of the City Council  
Citizens of the City of Lynnwood

We are pleased to provide you with the City of Lynnwood's ("the City") 2009 Comprehensive Annual Financial Report (CAFR).

The report is submitted each year as required by State Law (Revised Code of Washington 43.90.230). The report is prepared according to generally accepted accounting principles (GAAP) for government as established by the Government Accounting Standards Board (GASB). It is audited by the Washington State Auditor's Office. Pursuant to these requirements we hereby issue the City's CAFR for the fiscal year ended December 31, 2009.

The City's Department of Administrative Services prepared this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly represent the financial position and results of operations of the City as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain a complete understanding of the City's financial activities have been included in this report. Management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the statements will be free from material misstatement.

The CAFR includes all Governmental, Proprietary and Fiduciary funds. In addition, the CAFR reports on the City's discrete component unit, the Lynnwood Public Facilities District (PFD).

As an aid to the reader, the major sections of this report have been separated by divider pages. 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 transmittal letter is designed to complement the

MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **GOVERNMENT PROFILE**

On April 23, 1959 Lynnwood incorporated as a non-charter code city with a Mayor-Council form of government under the provisions of Washington state law. It is located in Snohomish County approximately 12 miles south of Everett and 15 miles north of Seattle. Its population is 35,740 within 7.81 square miles of incorporated area.

The City has an elected mayor and seven elected, part-time council members. The Mayor is the full-time chief executive officer and appoints department directors and hires all City employees. The City provides a full range of local government services, including general government, public safety, parks, culture and recreation, senior center, 18-hole golf course, street, water, wastewater and storm utilities. The City also operates a municipal court and jail.

## **FINANCIAL INFORMATION**

### Internal Control

The City maintains an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with GAAP. The requirement for reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The City recognizes the importance of management leadership in these controls. The City Council has adopted an ethics policy that provides guidance for internal controls. The Mayor provides written notice to City employees relating to the ethics policy and internal controls. Ethics training is mandatory for all City employees.

### Budgetary Controls

The City adopts a biennial (two year) budget pursuant to RCW 35A.34 and Lynnwood Municipal Code 2.72. The budget serves as the foundation for financial planning and control. All City departments are required to submit appropriation requests to the Mayor in the fall of even numbered years. The Mayor submits the budget to the City Council. The Council offers four public hearings prior to adopting the budget. The City's fiscal year is January 1 through December 31. Budget-to-actual comparisons are provided in the report for each individual fund for which an appropriated budget has been adopted.

A six year Capital Facilities Plan is prepared each year in accordance with the State Growth Management Act. The Plan defines the long-term capital ideas for the City. Specific capital projects are funded in each year of the biennial budget and by ordinance for each project.

Funds are appropriated at the fund level; however, budgetary control is at the department level. Fund level budget increases or decreases must be authorized by the City Council. The Mayor as the chief executive officer has authority to make changes to the department level within funds.

#### Auditing of City Finances

State law requires audits of the City to be conducted by the Office of the State Auditor. The audit must comply with the federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget (OMB) Circular A-133. An audit is performed annually. The scope of the audit examines the City's financial condition and legal compliance. The audit report is contained in the Financial Section of this Report.

### **FACTORS AFFECTING FINANCIAL CONDITION**

#### The Local Economy

Lynnwood is the business and retail center of south Snohomish County. In 2009, the City issued approximately 2,550 business licenses. Those businesses employed about 20,000 people. The City has one of the lowest City property tax rate in the urban Puget Sound region. For 2009 the rate is \$1.87 per \$1,000 of assessed valuation. Alderwood Mall is located in the City and is considered one of the first class malls in the United States with 4 anchor tenants and 194 specialty shops.

The current nation-wide recession has a material adverse impact on the City's local economy, which in turn affects sales tax revenues, criminal justice sales tax, hotel/motel taxes and real estate excise tax revenues.

The City's 2009 local sales tax revenues decreased by \$3.2 million or 17.7 percent compared to fiscal 2008. When this is added to a prior decline in 2008, sales tax revenues are now running \$4.3 million per year below their peak in 2007. These low sales tax levels are expected to continue at least through the fourth quarter of 2010 according to the State of Washington's Economic and Revenue Forecasting Council and Consensus Blue Chip estimates.

The State of Washington enacted a financial assistance program effective July 1, 2008. The program is designed to mitigate the impact of the new sales tax system. The mitigation payments were intended to offset the loss incurred by local governments from destination-based sales (sale transactions that are delivered outside of point-of-sale jurisdictions). In 2009 the City received \$419,357 in mitigation payments, this is well below the original estimate prepared by the State Department of Revenue (DOR) in 2007.

Total property tax revenues collected was \$10,007,591 or 98.8 percent of total tax collections to tax levy for fiscal 2009.

Real estate excise tax revenues decreased by \$259,384 or 30.7 percent compared to fiscal 2008. This decline reflects the drastic decline in real estate sales. The decline should continue until well into fiscal 2011 when the Mortgage Bankers Association expects the real estate market to stabilize in terms of housing values.

The number of permits issued in 2009 was 1,729, a decrease of 17 percent compared to fiscal 2008. The associated permit revenues totaled \$827,672 or a decrease of 19.3 percent over the prior year. The decline in the number of permits issued is due to the recession causing a decline in construction. The permit activity reflects a mix of housing units (single and multi family), commercial buildings, and apartment/condo buildings.

The City's economic development plan identifies goals and strategies for future economic growth around a diversified mixed use environment. Targeted business sectors include aerospace, bio-sciences, information technologies, professional and business services, and tourism. The foundation of the plan is leveraging the significant existing economy and its strategic location advantage at the convergence of two interstate highways (I-5 and I-405) and the Seattle metropolitan area.

The City's major redevelopment project is located in the downtown core—the City Center. The scope of the project is 9.6 million square feet of mixed development. The recession has caused current market conditions that postpone redevelopment projects. Nevertheless, the budget for the 2009-2010 biennium includes a City Center project manager to develop a specific redevelopment business plan, including a marketing strategy, to attract developers for this project when the market conditions become more favorable.

The Lynnwood Public Facilities District (PFD) is a component unit of the City in this report. The PFD's purpose is to create a "regional center" in Lynnwood. The State of Washington provides financial assistance to the PFD in the form of .033 percent of the sales taxes collected by the state within the PFD's boundaries. The PFD Board is appointed by the City Council and its members serve four-year terms. The City provides a guarantee for the PFD's outstanding bonded debt for the Lynnwood Convention Center.

Edmond's Community College is located in Lynnwood. The College also offers a four-year degree program from Central Washington University. Public library services are provided by Sno-Isle Regional Library District. Edmonds School District provides public K-12 education services.

#### Long-term Financial Planning

The City implemented a biennial budget process for the 2003-2004 biennium. It adopted its fourth biennial budget for 2009-10 in December 2008. The adopted budget totals \$161.8 million with the General Fund being \$91.7 million of this total and the Utility System Fund being \$39.0 million. The remaining funds are Special Revenue, Capital Project, and Proprietary in nature.

The City Council reviews its financial policies, budget status, and long-term financial forecasts at its annual mid-year budget workshop. This workshop allows the Council to assess the City's long-term financial strategy and make mid-course adjustments as needed. A key element of these policies is establishing reserve fund policies. The City policy requires a General Fund unreserved fund balance in the \$4 million to \$5 million range. The actual balance was \$(115,733) as of December 31, 2009. The City policy provides for the Revenue Stabilization Fund, which transferred its balance of \$2,000,000 to the General Fund in 2009. The City has a Strategic Investment Plan which provides funding for capital projects for the biennium. The City has a long-term Capital Facilities Plan in accordance with the State Growth Management Act. The Plan is adopted as a part of the biennial budget process.

#### The Utility System

The City Council approved a utility rate study in 2007 which identified \$42.5 million in essential capital projects and user fee rates to finance the capital projects. The City Council passed an ordinance implementing rates of a six year period (2007 through 2012). Based on these decisive actions, the City issued \$10.3 million in Utility System Improvement and Refunding Bonds in April, 2008. The issue included new money for capital projects totaling \$4.8 million as well as \$5.5 million for refunding existing debt. The net present value benefit on the refunding was \$333,000 equivalent 6.3 percent of the refunded principal. The City received an "AA" rating for revenue bonds from Standard & Poor's which is the highest rating for this type of revenue bond.

#### Cash Management

The City's investment policy is consistent with the "Prudent Person" investment practices: safety, liquidity, and yield. The following is a reconciliation of cash, cash equivalents (including pooled investments and investments) as shown in the government-wide and fund financial statements:

#### Total Cash, Cash Equivalents, & Investments

Investments (net of discount and premium)	\$10,855,081
Certificates of Deposits	4,448,756
Bank Checking Account	4,637,473
Money Market	103,407
Petty Cash, Change Funds & Advance Travel	30,905
Deposit with Fiscal Agent	250,000
Local Government Investment Pool	7,060,133
<b>Total</b>	<b>\$27,385,821</b>

The weighted average maturity of investments was 1 year at December 31, 2009. The average yield on all investments (including the investment pool) and certificates of deposit was 1.83 percent at December 31, 2009.

### Risk Management

The City participates as an associate member in the Cities Insurance Association of Washington (CIAW). Through this program the City purchases a range of insurance to cover all the City's major liability and property exposures, as thoroughly described in the Notes Section of the financial statements. Under these insurance policies, there is a deductible of \$25,000 for most incidents. The insurance contracts were renewed during 2009 at nominal cost increases. This is due in part to participation in the insurance pool. The City self-insures for fleet vehicles up to \$25,000 with the exception of automobile liability insurance.

A review committee consisting of three Council members, the Mayor, a claim manager employed by the city's outside claim management agency, and the Finance Director. This committee meets twice a year to review claims for damages against the city and to select annual insurance policies. This process has been very successful in the overall administration of claims and in identifying areas requiring review.

### Pensions and other post-employment benefits

The majority of the City's employees participate in a mandatory state pension system (LEOFF for uniformed police officers and firefighters, and PERS for all other employees). The city pays the prescribed rate for all employees (and employees contribute as well), which satisfies the pension obligations for these accounts. Each state system is broken into segments related to when that segment "closed" and the benefit structure changed. Enrollment in the LEOFF 1 system closed in 1978 and LEOFF 2 started at that time. This is significant because employees eligible under LEOFF 1 are entitled to "necessary medical expenses" to be paid for by the city after retirement. This benefit was not included in LEOFF 2. Also, prior to the state pension systems, the City operated its system known as the Firemen's Pension Fund (FPF). Again, employees entitled to the benefits as defined in the FPF receive medical benefits and a city paid pension as defined more thoroughly in the notes to the financial statements.

The City maintains a fund dedicated to providing resources for the pension benefits to those entitled under the FPF. The post-employment medical benefits (including dental and long term care) for eligible retirees are provided through the same medical insurance provider used for active city employees and paid for from annual budgeted funds. There is no reserve account for the post-employment medical benefits. The estimated actuarial accrued liability for post employment medical benefits totals \$18,127,000. Assuming a 30 year amortization of this liability, the Annual Required Contribution would be \$1,207,872 as of December 31, 2009. Because the City is presently making contributions for retiree health care costs on a pay-as-you-go basis, the City's Net OPEB Obligation for 2009 is \$1,223,108.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynnwood for its

comprehensive annual financial report for the year ended December 31, 2008. This marks the 23rd consecutive year in which the city has received this award. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The CAFR's compliance with the generally accepted accounting principles is determined by a system of peer review by GFOA. The award is valid for one year only.

The preparation of this report could not have been accomplished without the efforts of the Department of Administrative Services staff. We would like to express our appreciation to all those who assisted and contributed to the preparation. We would also like to thank the Mayor and City Councilmembers for their dedication to providing the city and the citizens with a solid financial program, including their intense attention to the information provided in this annual report.

Respectfully submitted,



Patrick L. Dugan  
Interim Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lynnwood  
Washington

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

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



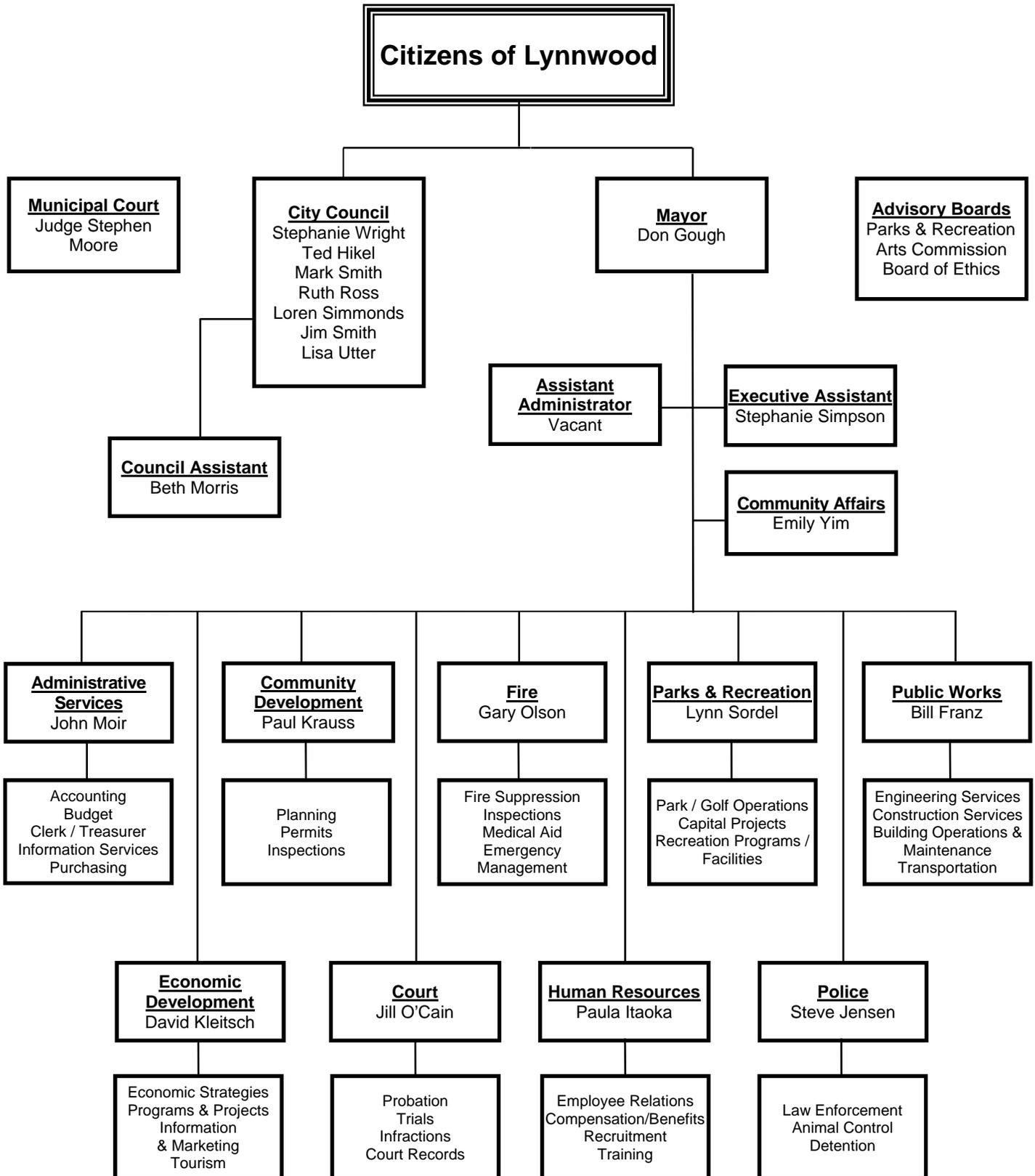
A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

# CITY ADMINISTRATION ORGANIZATIONAL CHART



## LISTING OF OFFICIALS AS OF DECEMBER 31, 2009

### ELECTED OFFICIALS:

Mayor

Don Gough

City Councilmembers

Lisa Utter

Mark Smith

Ruth Ross

Loren Simmonds

Stephanie Wright

Ted Hikel

Jim Smith

### APPOINTED OFFICIALS:

Finance Director

John Moir

Police Chief

Steve Jensen

Fire Chief

Gary Olson

Public Works Director

William Franz

Community Development Director

Paul Krauss

Parks and Recreation Director

Lynn Sordel

Interim Human Resources Director

Paula Itaoka

Economic Development Director

David Kleitsch

Court Administrator

Jill O'Cain

Community Affairs Director

Emily Yim

### CONTRACTED OFFICIALS:

City Attorney

Inslee Best PS Attorneys at Law

Municipal Court Judge

Stephen E. Moore

# **Independent Auditor's Report on Financial Statements**

**City of Lynnwood  
Snohomish County  
January 1, 2009 through December 31, 2009**

Mayor and City Council  
City of Lynnwood  
Lynnwood, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed on page 15. 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 discretely presented component units and remaining fund information of the City of Lynnwood, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 16 through 28, pension trust information on page 84 and information on postemployment benefits other than pensions on page 85 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

August 30, 2010

## Management's Discussion and Analysis

City of Lynnwood management offers this narrative overview and analysis of the financial activities of the City of Lynnwood for the fiscal year ended December 31, 2009. The information presented herein should be used in conjunction with additional information that is furnished in the letter of transmittal.

### Financial Highlights

The poorly performing economy during 2009 has required the City of Lynnwood to draw upon its assets accumulated during better economically performing years to meet the city's operational needs.

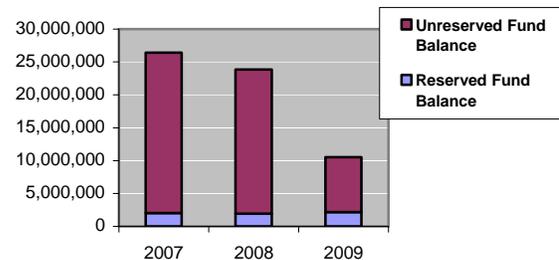
- The assets of the City of Lynnwood exceeded its liabilities at fiscal year-end by \$169,785,727 (net assets), a decrease of \$7,404,549 or 4.2% over 2008. Of this amount, unrestricted net assets total \$9,104,869 and may be used to meet the city's ongoing obligations to citizens and creditors. Restricted net assets total \$11,157,557 and are earmarked for debt service and capital projects.
- At fiscal year-end, the City of Lynnwood's governmental funds reported combined ending fund balances of \$10,523,498. Approximately 79% of this total amount, \$8,362,018, is available for spending at the government's discretion (unreserved fund balance), a 61.8% decrease over 2008.
- At the end of the 2009 fiscal year, unreserved fund balance for the general fund was \$(115,733), or 0% of total general fund revenues (0% of expenditures).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lynnwood's basic financial statements. The City of Lynnwood's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial

statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Governmental Fund Balances**



### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lynnwood's finances, in a manner similar to a private-sector business. The government wide financial statement consists of two statements: a Statement of Net Assets and a Statement of Activities.

The Statement of Net Assets presents information on all the city's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The Statement of Activities presents information showing how the city's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City of Lynnwood

that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lynnwood include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City include the water and sewer utility, storm drainage utility, and a golf course.

The government-wide financial statement includes not only the City of Lynnwood itself (known as the primary government), but also a legally separate Public Facilities District for which the City of Lynnwood has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lynnwood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lynnwood maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and LID 93-1, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the city's full report.

The City of Lynnwood adopts its budget on a biennial basis. The 2009 fiscal year is the first year of the two year budget 2009-2010. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The City of Lynnwood maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Storm Drainage Utility and the Golf Course.

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, central stores, and self-insurance program and for its retirement contributions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Storm Drainage Utility and the Golf Course as all are considered, or have been designated to be major funds of the City. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. The City of Lynnwood maintains two types of fiduciary funds. The purpose of fiduciary funds is to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. These funds are excluded from the government-wide financial statements. The Firemen's Pension Fund accounts for the Firemen's Pension System, which is a single-employer closed pension plan. Membership is limited to firefighters employed by the City prior to March 1, 1970. The Notes to the Financial Statements (Note 9D) provides more information on this plan. The Agency/Clearing Funds are primarily used to function as an internal clearing account for amounts that have yet to be allocated to individual funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information: General Fund Schedule of Departmental Expenditures Compared to Budget and Schedule of Expenditures of Federal, State, and Local Awards (grants).

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the Notes section of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lynnwood, net assets (\$169,785,727) exceeded liabilities by a decrease (after prior year adjustment) over 2008 of \$7,404,549 or 4.2%. The largest portion of the City's net assets (88.1%) reflects its investment in capital assets (land and facilities such as, buildings, machinery, and equipment), less related debt used to acquire those assets that is still outstanding.

## STATEMENT OF NET ASSETS (in \$1,000)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>ASSETS</b>						
<i>Current Assets:</i>						
Cash & cash equivalents	\$1,261	\$3,060	\$1,168	\$3,213	\$2,429	\$6,273
Investments	16,442	23,734	1,203	4,417	17,645	28,151
Receivables (net)	4,972	10,104	1,681	1,560	6,653	11,664
Due from Firemen's Pension Fund	0	76	0	0	0	76
Internal Balances	(4,613)	(469)	4,613	469	0	0
Inventories	144	210	15	24	159	234
Prepaid Items	0	0	67	49	67	49
<i>Restricted cash &amp; investments:</i>						
Customer deposits	0	0	59	54	59	54
Bond covenant accounts	0	0	3,800	6,290	3,800	6,290
<i>Total Current Assets</i>	<b>18,206</b>	<b>36,715</b>	<b>12,606</b>	<b>16,076</b>	<b>30,812</b>	<b>52,791</b>
<i>Noncurrent Assets:</i>						
Deferred charges & other assets						
Deferred charges	0	0	120	126	120	126
Noncurrent receivables	4,521	373	0	0	4,521	373
<i>Capital Assets:</i>						
Land	38,946	38,620	6,867	6,867	45,813	45,487
Depreciable assets (net)	33,066	25,155	14,969	16,117	48,035	41,272
Infrastructure (net)	32,140	27,455	23,759	23,400	55,899	50,855
Construction in progress	14,927	18,110	3,096	2,747	18,023	20,857
<i>Total Noncurrent Assets</i>	<b>123,600</b>	<b>109,713</b>	<b>48,811</b>	<b>49,257</b>	<b>172,411</b>	<b>158,970</b>
<b>Total Assets</b>	<b>141,806</b>	<b>146,428</b>	<b>61,417</b>	<b>65,333</b>	<b>203,223</b>	<b>211,761</b>
<b>LIABILITIES</b>						
<i>Current Liabilities:</i>						
Accounts payable and accrued exp.	1,023	2,671	227	561	1,250	3,232
Unearned revenue	5,047	5,207	122	47	5,169	5,254
Due within one year	2,818	2,712	1,144	985	3,962	3,697
<i>Current Liabilities Payable from Restricted Assets:</i>						
Liabilities payable from restricted assets	0	0	0	97	0	97
<i>Total Current Liabilities</i>	<b>8,888</b>	<b>10,590</b>	<b>1,493</b>	<b>1,690</b>	<b>10,381</b>	<b>12,280</b>
<i>Noncurrent Liabilities:</i>						
Due in more than one year	14,504	12,718	9,573	9,573	24,077	22,291
<i>Total Noncurrent Liabilities</i>	<b>14,504</b>	<b>12,718</b>	<b>9,573</b>	<b>9,573</b>	<b>24,077</b>	<b>22,291</b>
<b>Total Liabilities</b>	<b>23,392</b>	<b>23,308</b>	<b>11,066</b>	<b>11,263</b>	<b>34,458</b>	<b>34,571</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	112,038	101,902	37,485	39,047	149,523	140,949
<i>Expendable restricted for:</i>						
Debt service	2,144	1,943	5,841	6,202	7,985	8,145
Capital projects	3,173	8,880	0	0	3,173	8,880
Other	0	0	0	0	0	0
Unrestricted	1,058	10,394	8,046	8,822	9,104	19,216
<b>Total Net Assets</b>	<b>\$118,413</b>	<b>\$123,119</b>	<b>\$51,372</b>	<b>\$54,071</b>	<b>\$169,785</b>	<b>\$177,190</b>

STATEMENT OF ACTIVITIES (in \$1,000)						
	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program Revenues						
Charge for Service	\$ 11,081	\$ 12,016	\$ 12,820	\$ 12,562	\$ 23,901	\$ 24,578
Operating Grants & Contributions	1,270	1,045	-	-	1,270	1,045
Capital Grants & Contributions	4,810	3,918	96	205	4,906	4,123
General Revenues					-	-
Property Taxes	10,008	10,168			10,334	10,168
Sales Taxes	15,844	19,255			15,844	19,255
Other Taxes	3,287	3,752			4,359	3,752
Other Revenues	1,795	2,261	205	434	928	2,695
<b>Total Revenues</b>	<b>48,095</b>	<b>52,415</b>	<b>13,121</b>	<b>13,201</b>	<b>61,542</b>	<b>65,616</b>
<b>Expenses</b>						
General Government	8,953	7,947			8,756	7,947
Public Safety	27,527	25,203			27,461	25,203
Physical Environment	5,027	4,594			5,018	4,594
Transportation	5,272	6,052			5,064	6,062
Human Services	718	617			718	617
Culture & Recreation	7,039	6,507			7,032	6,507
Interest on Long-term Debt	660	669			643	669
Water			4,131	3,855	4,131	3,855
Sewer			6,556	6,287	6,556	6,287
Golf Course			1,101	1,019	1,101	1,019
Storm Drainage			1,330	1,304	1,330	1,304
<b>Total Expenses</b>	<b>55,196</b>	<b>51,589</b>	<b>13,118</b>	<b>12,465</b>	<b>67,810</b>	<b>64,064</b>
Increase in Net Assets Before Transfers	(7,101)	826	3	736	(6,268)	1,562
Transfers	2,701	496	(2,701)	(496)	(130)	-
<b>Increase in Net Assets</b>	<b>(4,400)</b>	<b>1,322</b>	<b>(2,698)</b>	<b>240</b>	<b>(6,398)</b>	<b>1,562</b>
Beginning Net Assets January 1	123,120	122,592	54,070	53,831	177,190	176,423
Prior Period Adjustments	(307)	(795)			(20)	(795)
Beginning Net Assets Adjusted	122,813	121,797	54,070	53,831	177,170	175,628
<b>Ending Net Assets December 31</b>	<b>\$ 118,413</b>	<b>\$ 123,119</b>	<b>\$ 51,372</b>	<b>\$ 54,071</b>	<b>\$ 170,772</b>	<b>\$ 177,190</b>

The City uses these capital asset facilities to provide services to citizens; consequently, these assets are not available to support for future spending.

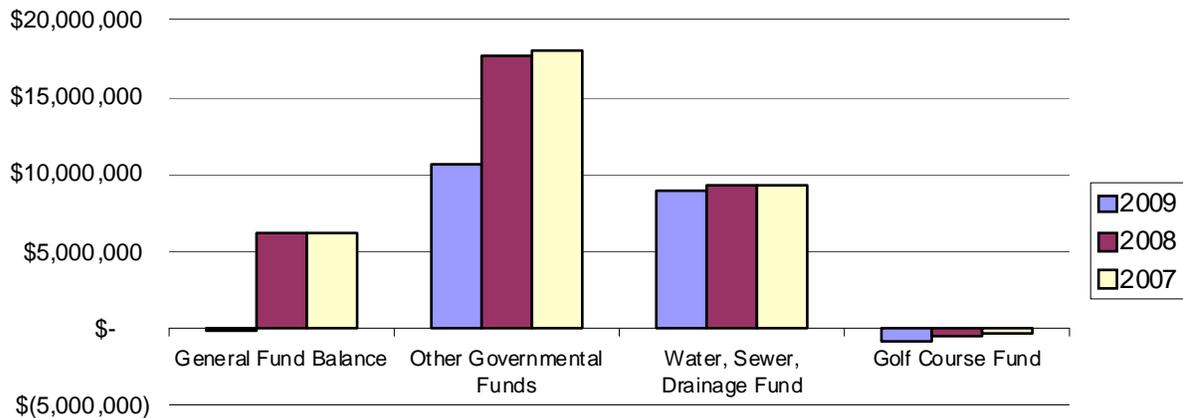
Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must generally be provided from other sources, since the capital assets themselves usually are not available to liquidate these liabilities. An additional portion of the City's net assets, 6.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted

net assets (\$9,104,869) may be used to meet the city's ongoing obligations to citizens and creditors and to respond to existing or emerging community needs. This reflects a decrease from 2008 by 52.6%.

At the end of the current fiscal year, the City is able to report positive balances in all three categories (land and facilities, restricted assets and unrestricted) of net assets.

The overall decrease in net assets reflects applying the fund balance and unrestricted assets to compensate for declining revenues

**Fund Balances and Unrestricted Net Assets**



that are being produced by adverse economic conditions.

The above chart shows the change in available working cash reserves as measured by Fund Balance in governmental funds or by unrestricted net assets. The General Fund balance decreased by \$6,221,412 in 2009 from \$6,105,679 to \$(115,733) while all other governmental funds collectively including LID 93-1 decreased by \$7,080,622 (after prior period adjustments) from \$17,719,853 to \$10,639,231.

The proprietary funds decreased unrestricted net assets to \$8,046,350. The combined Water, Sewer, Storm Drain Fund decreased by \$362,159 from \$9,304,562 to \$8,942,403. The Golf Course decreased by \$412,979 from a negative \$483,074 to a negative \$896,053.

In the business type funds, the Water, Sewer, Storm Drainage Combined Fund decreased by

\$2,346,873 to \$47,544,463 from \$49,891,336. The Golf Course Fund decreased by \$351,323 from \$4,179,190 to \$3,827,867.

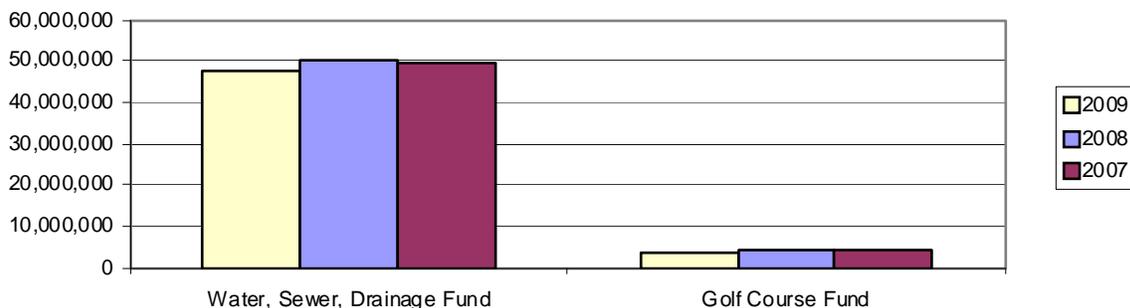
**Governmental activities.** Governmental activities decreased the City of Lynnwood’s net assets (after prior year adjustment) by \$4,500,498. Significant changes in net assets during 2009 were as follows:

**Governmental Revenues**

Overall, revenues in all governmental funds decreased \$3.502 million or 6.6% over 2008. The largest contributor to the decrease was a drop in sales tax revenues due to adverse economic conditions driving retail sales volumes in the city down.

Program Revenues increased by \$181,777 or 1.1%. Charges for Services and Operating Grants and Contributions accounted for 25.6% of decrease. The increase occurred in Capital Grants and Contributions.

**Total Net Assets in Individual Business Functions**



General Revenues decreased by 5.8%. There was an increase in Property Taxes (\$.166 million) a decline in Sales Taxes (\$3.411 million) an increase in Other Taxes (\$.607 million) and a decrease in Other Revenues (\$1.538 million).

**Governmental Expenses**

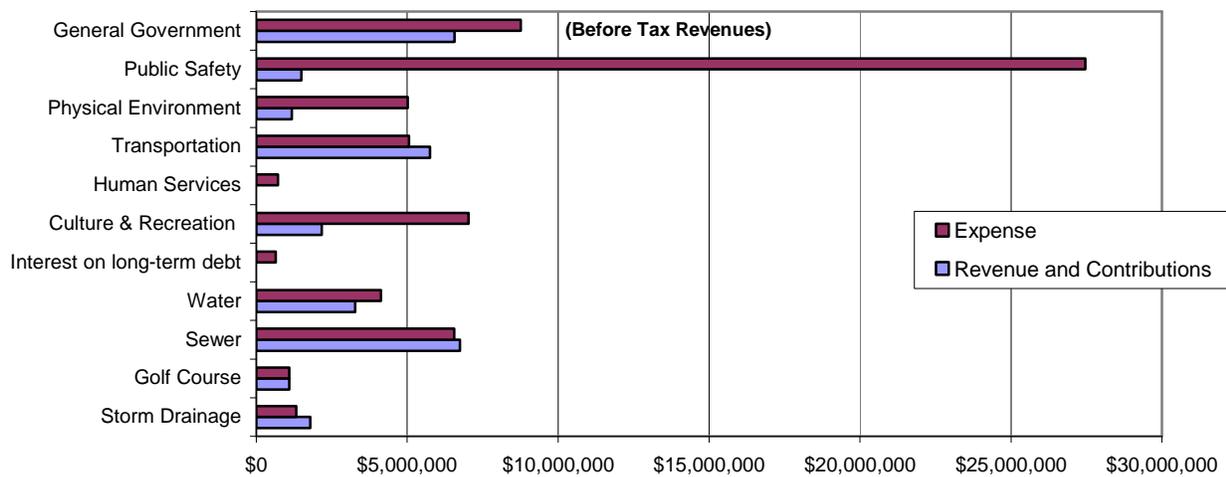
While revues decreased Governmental expenditures continued to increase by \$3.103 million or 6.0% in 2009.

Public Safety accounted for 72.8% (\$2.258 million) of the increased spending. The balance of the increased spending was

attributable to Physical Environment (\$.424 million or 13.7%), General Government (\$.809 million or 26.1%), a decrease in Culture and Recreation (\$.525 million or 16.9%), decreases in Transportation (\$.988 million or 31.8%) and increase in Human Services (\$.102 million or 3.3%). Interest on long-term debt costs decreased by \$.026 million or about .8%. The decrease in culture and recreation was due to the temporary closing of the City’s recreation center while a new center was being built on the site.

Net Transfers to/from other funds increased substantially by \$2.075 million or 410.8%.

**Net Contribution to Assets 2009**



The bar chart above illustrates the contribution that various city functions make to net assets from its operations before taxes. If expenses exceed revenues and contributions the function requires a subsidy from tax revenues (not shown) to support its operations. If revenues and contributions exceed expenses then the function adds to city assets. However, it should be noted that if the contribution made to the function is in the form of capital, the function may still require tax support for its operations. The illustration makes it clear that some activities of the city require a significant

amount of support through taxes while others are more self-supporting. Public safety (which includes the police, fire and municipal court departments) is particularly dependent on tax support. The utilities (water, sewer, and storm drainage) are completely self-supporting through user fees. The golf course is not self-supporting at this time. The transportation program shows a substantial amount of revenues and contributions. This is due primarily to several capital grants the city has received. These grants add the value of these capital facilities to the City assets in the form of

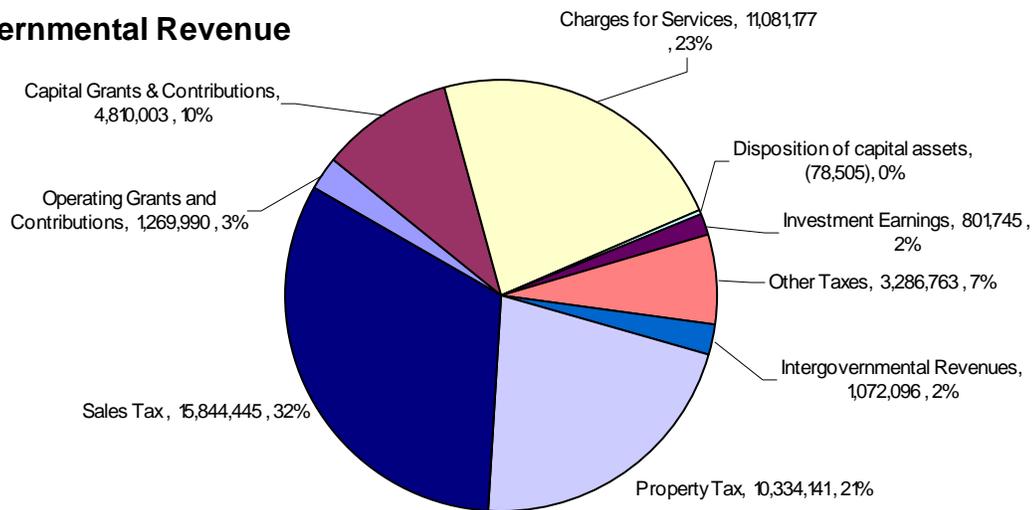
investments in the City’s transportation system, including roadways, sidewalks, and traffic signals. The expenses have increased over revenue from last year due to the increase of depreciation for the addition of infrastructure assets. The transportation area requires tax support for its operations.

**Revenues by Source – Governmental Activities**

The next pie chart shows the distribution of income for all governmental activities, including capital grants and debt service. Sales taxes represent 32% of total governmental revenues.

Most capital and operating grants are for transportation purposes.

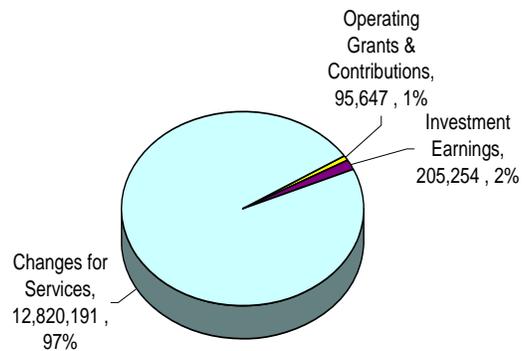
**Governmental Revenue**



Business-type activities. Business-type activities decreased the City of Lynnwood’s net assets by \$ 2,495,619.

Charges for Services increased by \$.259 million or 2.1% (from \$12.562 million to \$12.820 million). Contributions decreased from \$.205 million to \$.96 million. Interest income decreased from \$.434 million to \$.205 million. Total revenues decreased by .6%. The City has recently completed a rate study in its utilities. The study has recommended multi-year rate increases that are currently before the City Council. If these rates are approved as expected, the utilities should receive revenues adequate to cover the increasing utility service costs.

**Business Type Revenue**



**Financial Analysis of the City’s Funds**

As noted earlier, the City of Lynnwood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the city’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the city’s net resources available for spending at the end of a fiscal year.

As of the end of 2009, the city’s governmental funds reported combined ending fund balances of \$10,523,498, a decrease of \$13,302,034 in comparison with the prior year. Approximately 79.5 % (\$8,362,018) of these balances constitute unreserved fund balances: with \$5,305,042 unreserved in special revenue funds, \$8,880,376 unreserved for capital purposes and \$3,172,709 unreserved in the general fund. These reserves are available for spending at the city’s discretion (consistent with the purpose of the fund in which the balance is present). The remainder of the fund balance is reserved (\$2,161,480) to indicate that it is not available for new spending because it has already been committed 1) to pay debt service and 2) restricted for paths and trails.

**General Fund Budgetary Highlights**

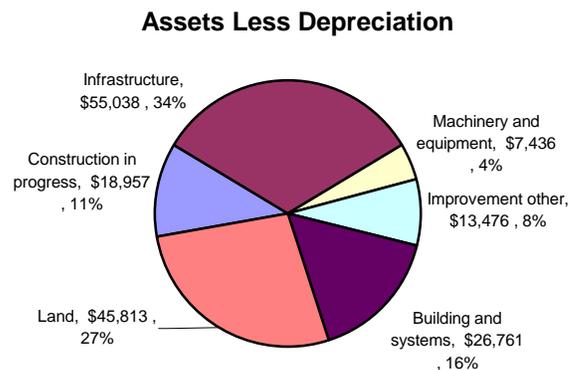
The City utilized a two-year or biennial budget beginning with 2003. Since 2009 is the first year of the 2009-2010 biennium a comparison of expenditures to budget is not fully meaningful since the budget authority for 2009 represents budget for 2009-2010. As of December 31, 2009 the city had collected 48.8 % of budgeted revenue. At December 2009, 53.4% of the total biennium budget had

been expended. Negative variances from the revenue budget (largely attributable to the sales tax) were offset some by increases in street vacation fees, court fines, and recreation fees. Expenditure negative variances from budget (jail costs and legal fees for public defender, prosecutor, labor relations, and general attorney fees) were substantially offset by savings in personnel costs and other operating expenditures.

**Capital Assets and Debt Administration**

Capital Assets. The City of Lynnwood’s investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$170.3 million (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, both of which are not subject to depreciation. The other capital assets are buildings and systems, improvements other than buildings and systems, machinery and equipment, and infrastructure are subject to depreciation.

Governmental type capital assets totaled \$121.6 million in 2009, an increase of \$12.3 million from 2008. Business-type assets (after depreciation) totaled \$48.7 million, which was a modest decrease of \$.4 million. More information on the City’s Capital Assets can be found in Note 6 in the Notes to Financial Statements.



Long-term debt. At the end of 2009, the City of Lynnwood had total bonded debt outstanding of \$10,169,694. Of this amount, \$5,604,694 is backed by the full faith and credit of the City and \$4,565,000 is special assessment debt for which the City is not liable for repayment. Accounting for accumulated absences adds \$3,997,188 and bond anticipation notes adds \$1,913,257 to

the general debt. The remainder of the debt (\$10,388,108) represents bonds, leases and loans secured solely by specified revenue sources (i.e., revenue bonds).

The City’s total debt increased by \$.879 million (3.4%) in 2009. This change reflects the increase in the BANs for 2009.

More information on the City’s Debt can be found in Note 8.

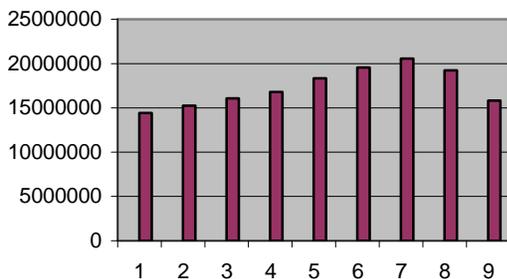
GENERAL OBLIGATION AND REVENUE BONDS						
In Thousands	Governmental Activity		Business-type Activity		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	5605	6253	0	0	5605	6253
Special assessment debt	4565	5095			4565	5095
Other Post-employment Benefits	1223	822			1223	822
Bond Anticipation Notes	1913				1913	
Revenue bonds and loans			9165	10084	9165	10084
Compensated Absences	3623	3087	374	248	3997	3335
<b>Total</b>	<b>16929</b>	<b>15257</b>	<b>9539</b>	<b>10332</b>	<b>26468</b>	<b>25589</b>

**Economic Factors and the Next Year’s Budgets and Rates**

Sales taxes represent a significant revenue component and a barometer of the local economy. Sales tax in 2009 decreased by 17.7%, which followed a decrease in 2008 of 6.4 %. In contrast, prior to 2008 sales taxes were increasing; increasing by 5.2% in 2007 following the 2006 increase of 6.6% over 2005 and 9.0% increase over 2004.

The City saw a rebound in the construction industry in 2003 that continued through 2004 but dropped off in 2005 and 2007 as many large projects were completed.

Sales Tax Collected 2001 - 2009



The increases prior to 2008 were stimulated by a few significant projects. These projects included an expansion of the Alderwood Mall; a \$100+ million project which expanded the size of the mall from 1 million square feet to 1.5 million square feet. This project resulted in three significant milestones: The opening of a new, larger Nordstrom’s in the fall of 2003, the opening of 40+ shops in “The Village” in the fall of 2004 and the opening of the 16 screen Loews Theater in March of 2005. The benefits of the retail construction are shown on the graph with the sharp increase in clothing and accessories in 2005.

Another significant project is the Lynnwood PFD’s convention center project. This project started in 2003 and was completed in April 2005 and has completed a successful first full year in 2007. The convention center adds a significant new asset to the community’s ability to attract visitors. It also represents a significant step forward on the city’s “City Center Development.”

However the impact of the “great recession” in 2008 and carrying through 2009 reversed many these gains. However, as the recovery takes

hold the city has the built capacity to take advantage of general economic growth to resume its capture of the market areas retail trade.

Looking to the future, the City Center Project is a regional land use project which is intended to transform the city's core from a density of about 3 million square feet of development to about 9 million square feet over 20 years. The project, approved by the City Council in March of 2005 essentially changes the density from 35% maximum lot coverage to a mid-rise design with parking under ground. The Council and the business community are currently addressing the infrastructure and other investments to support such a change. While the current recession has probably stalled the development of the center, the planning for this major project is completed and ready to go when regional economic growth resumes.

Much of this regional economic growth may be centered around the Everett Boeing plant. The decision to develop and assemble the latest model of Boeing commercial airplanes at the Everett facility is a significant boom to the local aerospace industries. This model is currently in final testing stages and near ready for production. Similarly it is anticipated that the Federal Government will award the tanker contract that has been in process for several years to Boeing. This contract, which also provides work to the Boeing plant in Everett, will be an additional major stimulus to economic growth in Snohomish County as a whole to facilitate the area's recovery from the recession.

Changes in state law. Washington has seen a wave of initiatives and anti-tax measures over the past several years. The most significant changes are the elimination of the motor vehicle excise tax, the elimination of a motor vehicle license fee and the imposition of a one-percent limit to increases in the property tax.

The Streamlined Sales Tax (SST) Legislation with full mitigation was passed in 2007. This legislation changed the incidence of sales tax collection from the point of sale to the point of delivery. This legislation was necessary for the State to participate in an interstate compact that would allow the state to collect sales tax on Internet sales that occur in participating states. Since Lynnwood has many businesses that, after sale in Lynnwood, deliver their product outside the city limits, this legislation has adversely affected sales tax collection in the City. While the legislation was pending in the legislature, the City of Lynnwood worked with the Association of Washington Cities and other cities that would be adversely affected by this type of legislation to develop legislation that included a program to compensate cities for lost revenues. Although the legislation did provide for mitigation payments to offset the impacts of this legislation on cities such as Lynnwood, these payments have not been as much as was hoped and do not appear to compensate for the losses that have occurred under the legislation. However, any such losses are not identifiable and would be included in the general loss of revenue that has occurred during the recession.

The City conducted a rate study and adopted an ordinance with a comprehensive utility rate increase in 2007 which took effect in March of 2007. In 2010 the city conducted another rate study and an ordinance to increase rates in the utility is pending before the City Council. This rate increase is necessary to keep pace with inflation in the operation of the utility and to finance capital improvement needs of the various components of the utility system (water, sanitary sewer, and storm drainage). The City of Lynnwood still maintains its position as one of the lowest utility cost municipalities in the region.

### Other Post Employment Benefits (OPEB)

GASB Statement No. 45 of the Governmental Accounting Standards Board (“GASB 45”) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires state and local governments to account for and report their costs associated with Other Post Employment (non-pension) Employee Benefits (“OPEB”), primarily for retired employee health care benefits. GASB 45 requires employers to account and report OPEB costs in the same manner as pensions. Under prior rules, OPEB costs were reported as an expense on a pay-as-you-go basis and were not reported as a liability on governmental financial statements. GASB 45 requires that state and local governments adopt actuarial methodologies to determine annual OPEB costs. Annual OPEB costs are actuarially determined amounts that would provide sufficient resources to pay benefits as they come due, if paid on an ongoing basis. GASB 45 requires disclosure of the annual OPEB costs and does not require actual funding of the costs. The actuarial valuation determines the Annual Required Contribution (“ARC”) for the employer. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) and (b) the amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for). The amortization period is not more than 30 years. If the City contributes an amount less than the ARC, a net incremental OPEB obligation will result, which is required to be recorded as a liability on its financial statements. The City engaged Milliman as its actuary for purposes of estimating its actuarial unfunded OPEB liabilities. The estimate is based on certain assumptions that include (i) a discount rate of 5%, (ii) 30 year amortization period, (iii) medical inflation of 9.5% in year one decreasing to 5% in year 10 and thereafter, (iv) long term care inflation rate of 5%, and (v)

various demographic assumptions (mortality, disability, and retirement). The estimated actuarial accrued liability is \$18,033,961. The ARC estimated for calendar year 2009 is \$1,207,872. The City has a Net OPEB Obligation at the end of the year of \$1,223,108 which is included as a noncurrent liability in the Statement of Net Assets.

### Requests for Information

This financial report is designed to provide a general overview of the City of Lynnwood’s finances for all those with an interest in the city’s finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Lynnwood, PO Box 5008, Lynnwood, WA 98046.

Another resource is the City’s web site. On the web site you will find:

- this report
- the full budget as published
- current and past interim financial reports
- detailed information about the city’s sales tax collections
- detailed information about the city’s investments program
- the Capital Facilities Program
- the Annual Performance Report
- departmental strategic plans
- an overall description of the city’s fiscal management system.

Our web site address is:

[www.ci.lynnwood.wa.us](http://www.ci.lynnwood.wa.us)

Select “City Finances” under “City Hall”

## STATEMENT OF NET ASSETS

December 31, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
<b>ASSETS</b>				
Current Assets:				
Cash & Cash Equivalents	\$1,260,580	\$1,168,143	\$2,428,723	\$2,719,421
Investments	16,442,148	1,203,112	17,645,260	1,434,924
Receivables (net)	4,972,286	1,680,967	6,653,253	391,362
Internal Balances	(4,612,965)	4,612,965	0	0
Inventories	144,031	14,854	158,885	13,041
Deferred Lease Commissions	0	0	0	11,976
Prepaid Items	0	66,597	66,597	73,166
Restricted cash & investments:				
Customer deposits	0	59,291	59,291	0
Bond covenant accounts	0	3,800,388	3,800,388	0
Total Current Assets	<u>18,206,080</u>	<u>12,606,317</u>	<u>30,812,397</u>	<u>4,643,890</u>
Noncurrent Assets:				
Deferred charges & other assets				
Deferred charges	0	119,773	119,773	755,309
Noncurrent receivables	4,521,143	0	4,521,143	0
Capital Assets:				
Land	38,946,380	6,866,767	45,813,147	6,788,800
Depreciable assets (net)	33,065,657	14,969,325	48,034,982	19,453,107
Infrastructure (net)	32,139,511	23,758,824	55,898,335	0
Construction in progress	14,926,798	3,095,676	18,022,474	0
Total Noncurrent Assets	<u>123,599,489</u>	<u>48,810,365</u>	<u>172,409,854</u>	<u>26,997,216</u>
<b>Total Assets</b>	<u>141,805,569</u>	<u>61,416,682</u>	<u>203,222,251</u>	<u>31,641,106</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued exp.	1,022,682	227,455	1,250,137	143,634
Unearned revenue	5,047,408	121,964	5,169,372	258,198
Due within one year	2,818,326	1,143,772	3,962,098	386,136
Current Liabilities Payable from Restricted Assets:				
Liabilities payable from restricted assets	0	0	0	0
Total Current Liabilities	<u>8,888,416</u>	<u>1,493,191</u>	<u>10,381,607</u>	<u>787,968</u>
Noncurrent Liabilities:				
Due in more than one year	14,503,756	8,551,161	23,054,917	28,601,084
Total Noncurrent Liabilities	<u>14,503,756</u>	<u>8,551,161</u>	<u>23,054,917</u>	<u>28,601,084</u>
<b>Total Liabilities</b>	<u>23,392,172</u>	<u>10,044,352</u>	<u>33,436,524</u>	<u>29,389,052</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	112,037,963	37,485,338	149,523,301	(2,220,648)
Expendable restricted for:				
Debt service	2,144,206	5,840,642	7,984,848	1,434,924
Capital projects	3,172,709	0	3,172,709	0
Other	0	0	0	0
Unrestricted	1,058,519	8,046,350	9,104,869	3,037,778
<b>Total Net Assets</b>	<u>\$118,413,397</u>	<u>\$51,372,330</u>	<u>\$169,785,727</u>	<u>\$2,252,054</u>

See Accompanying Notes to Financial Statements

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICE	GRANTS & CONTRIBUTIONS		PRIMARY GOVERNMENT			
			OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>FUNCTIONS/PROGRAMS</b>								
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$8,953,481	\$6,562,605	\$0	\$0	(\$2,390,876)	\$0	(\$2,390,876)	\$0
Public Safety	27,526,561	1,114,221	376,452	4,391	(26,031,497)	0	(26,031,497)	0
Physical Environment	5,027,119	1,159,437	17,606	0	(3,850,076)	0	(3,850,076)	0
Transportation	5,271,674	478,841	840,786	4,440,310	488,263	0	488,263	0
Human Services	718,148	0	0	0	(718,148)	0	(718,148)	0
Culture & Recreation	7,038,787	1,766,073	35,146	365,302	(4,872,266)	0	(4,872,266)	0
Interest on long-term debt	660,131	0	0	0	(660,131)	0	(660,131)	0
Total Governmental	55,195,901	11,081,177	1,269,990	4,810,003	(38,034,731)	0	(38,034,731)	0
Business-type Activities:								
Water	4,131,084	3,233,581	0	42,032	0	(855,471)	(855,471)	0
Sewer	6,556,193	6,720,074	0	23,000	0	186,881	186,881	0
Golf Course	1,100,985	1,070,131	0	30,615	0	(239)	(239)	0
Storm Drainage	1,330,153	1,796,405	0	0	0	466,252	466,252	0
Total Business-type activities	13,118,415	12,820,191	0	95,647	0	(202,577)	(202,577)	0
<b>Total Primary Government</b>					(38,034,731)	(202,577)	(38,237,308)	0
<b>Component Units:</b>								
Public Facilities District	5,334,851	2,743,367	0	0	0	0	0	(2,591,484)
<b>GENERAL REVENUES:</b>								
Property Taxes					10,007,591	0	10,007,591	0
Sales Taxes					15,844,445	0	15,844,445	2,278,490
Cable Franchise Tax					447,369	0	447,369	0
Real Estate Excise Tax					588,995	0	588,995	0
Leasehold/Gambling Tax					164,291	0	164,291	0
Admissions/Utility Tax					2,086,108	0	2,086,108	0
State Shared Revenue					1,072,096	0	1,072,096	0
Investment Earnings					801,745	205,254	1,006,999	56,073
Disposition of capital assets					(78,505)	0	(78,505)	0
TRANSFERS					2,700,873	(2,700,873)	0	0
<b>Total General Revenues &amp; Transfers</b>					33,635,008	(2,495,619)	31,139,389	2,334,563
<b>Change in Net Assets</b>					(4,399,723)	(2,698,196)	(7,097,919)	(256,921)
<b>Net Assets - Beginning</b>					123,119,751	54,070,526	177,190,277	2,508,975
Prior Period Items					(306,631)	0	(306,631)	0
<b>Net Assets - Ending</b>					\$118,413,397	\$51,372,330	\$169,785,727	\$2,252,054

See Accompanying Notes to Financial Statements

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

December 31, 2009

	GENERAL	LID 93-1	COMMUNITY CENTER	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Equivalents	\$26,360	\$255,512	\$86	\$827,089	\$1,109,047
Investments	47,741	40,000	0	12,391,407	12,479,148
Receivables (net)	3,650,660	5,098,604	0	689,195	9,438,459
Due from Other Funds	137,485	0	0	0	137,485
	<u>\$3,862,246</u>	<u>\$5,394,116</u>	<u>\$86</u>	<u>\$13,907,691</u>	<u>\$23,164,139</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES &amp; FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$456,288	\$0	\$1,422	\$471,816	\$929,526
Due to Other Funds	3,000,000	0	12,100	1,738,350	4,750,450
Deferred Revenues	455,044	4,303,903	0	0	4,758,947
Unearned Revenue	3,688	0	0	221,814	225,502
Bonds, notes, loans payable	0	0	1,913,257	0	1,913,257
Liabilities Payable from Restricted Assets	62,959	0	0	0	62,959
	<u>3,977,979</u>	<u>4,303,903</u>	<u>1,926,779</u>	<u>2,431,980</u>	<u>12,640,641</u>
<b>TOTAL LIABILITIES</b>					
<b>FUND BALANCE</b>					
Reserved for Debt Service	0	1,090,213	0	1,071,267	2,161,480
Unreserved for Special Revenue Funds	0	0	0	5,305,042	5,305,042
Unreserved for Capital Project Funds	0	0	(1,926,693)	5,099,402	3,172,709
Unreserved General Fund	(115,733)	0	0	0	(115,733)
	<u>(115,733)</u>	<u>1,090,213</u>	<u>(1,926,693)</u>	<u>11,475,711</u>	<u>10,523,498</u>
<b>TOTAL FUND BALANCE</b>					
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$3,862,246</u>	<u>\$5,394,116</u>	<u>\$86</u>	<u>\$13,907,691</u>	<u>\$23,164,139</u>

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	111,244,836
Net pension obligation paid in over required	(12,074)
The focus of governmental funds is on short term financing; long-term assets are deferred in the funds.	0
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(3,623,445)
Bonds, Notes, Loans Payable	(10,169,694)
Claims and Judgments	(183,941)
Interest Payable	(17,274)
Net OPEB Obligation	(1,223,108)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
These assets and liabilities are included in governmental activities in the statement of net assets.	<u>11,874,599</u>
Net assets of governmental activities	<u>\$118,413,397</u>

See Accompanying Notes to Financial Statements

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

For the Year Ended December 31, 2009

	GENERAL	LID 93-1	COMMUNITY CENTER	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes					
Property	\$7,207,325	\$0	\$0	\$2,800,266	\$10,007,591
Sales	14,393,803	0	0	1,450,642	15,844,445
B & O	2,533,476	0	0	0	2,533,476
Other	164,291	0	0	588,996	753,287
Licenses and Permits	1,802,636	0	0	169,284	1,971,920
Intergovernmental Revenues	1,850,490	523,548	0	6,125,717	8,499,755
Charges for Services	3,850,209	0	0	29,075	3,879,284
Fines and Forfeits	4,733,938	0	0	68,865	4,802,803
Miscellaneous - Interest	232,381	294,551	0	173,738	700,670
Rent	386,956	0	0	0	386,956
Other	47,985	0	0	8,668	56,653
<b>TOTAL REVENUES</b>	<b>37,203,490</b>	<b>818,099</b>	<b>0</b>	<b>11,415,251</b>	<b>49,436,840</b>
<b>EXPENDITURES</b>					
Current					
General Government	9,553,712	0	0	69,232	9,622,944
Public Safety	25,931,390	0	0	567,090	26,498,480
Physical Environment	4,796,290	0	0	274,083	5,070,373
Transportation	0	0	0	2,039,468	2,039,468
Human Services	718,148	0	0	0	718,148
Culture and Recreation	5,255,492	0	22,003	1,312,945	6,590,440
Capital Outlay	654,341	0	1,948,632	10,117,532	12,720,505
Debt Service					
Principal	0	530,000	0	5,287,969	5,817,969
Interest and Fiscal Charges	822	297,250	0	344,785	642,857
<b>TOTAL EXPENDITURES</b>	<b>46,910,195</b>	<b>827,250</b>	<b>1,970,635</b>	<b>20,013,104</b>	<b>69,721,184</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(9,706,705)</b>	<b>(9,151)</b>	<b>(1,970,635)</b>	<b>(8,597,853)</b>	<b>(20,284,344)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	5,535,285	0	0	11,114,846	16,650,131
Transfers (Out)	(1,172,782)	0	0	(13,123,197)	(14,295,979)
Refunding debt proceeds	0	0	0	4,755,347	4,755,347
Sale of Capital Assets	4,400	0	0	21	4,421
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,366,903</b>	<b>0</b>	<b>0</b>	<b>2,747,017</b>	<b>7,113,920</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,339,802)</b>	<b>(9,151)</b>	<b>(1,970,635)</b>	<b>(5,850,836)</b>	<b>(13,170,424)</b>
Fund Balances, January 1	6,105,679	1,099,364	43,942	16,576,547	23,825,532
Prior Period	(881,610)	0	0	750,000	(131,610)
<b>FUND BALANCES, DECEMBER 31</b>	<b>(\$115,733)</b>	<b>\$1,090,213</b>	<b>(\$1,926,693)</b>	<b>\$11,475,711</b>	<b>\$10,523,498</b>

See Accompanying Notes to Financial Statements

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2009

	TOTAL GOVERNMENTAL FUNDS
Net changes in fund balances for governmental funds	(\$13,170,418)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>	
Capital Outlays	12,720,505
Depreciation	(4,323,753)
Cost of Assets Sold	(110,788)
	8,285,964
<p>The issuance of long-term (e.g., bonds, leases) is a resource and the repayment of bond principal is an expenditure in governmental funds, but those transactions increase or reduce long-term liabilities in the statement of net assets.</p>	
Debt Proceeds	(4,755,347)
Debt Retired	5,817,970
	1,062,623
<p>Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.</p>	
	0
<p>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 the governmental funds.</p>	
	(1,163,867)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.</p>	
	585,974
Change in net assets of governmental activities.	(\$4,399,724)

See Accompanying Notes to Financial Statements

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP (CASH BASIS)**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes				
Property	\$14,580,254	\$14,580,254	\$7,098,885	(\$7,481,369)
Sales	33,490,324	29,634,159	14,393,803	(15,240,356)
B & O	6,190,563	6,190,563	2,533,476	(3,657,087)
Other	314,600	314,600	164,291	(150,309)
Licenses and Permits	3,629,889	3,629,889	1,802,636	(1,827,253)
Intergovernmental Revenues	5,863,623	2,964,426	1,850,490	(1,113,936)
Charges for Services	8,595,529	8,159,199	3,850,209	(4,308,990)
Fines and Forfeits	10,350,000	12,577,000	4,733,938	(7,843,062)
Miscellaneous - Interest	1,057,506	1,057,506	412,674	(644,832)
Rent	332,300	357,800	386,956	29,156
Other	63,260	90,760	47,985	(42,775)
<b>TOTAL REVENUES</b>	<b>84,467,848</b>	<b>79,556,156</b>	<b>37,275,343</b>	<b>(42,280,813)</b>
<b>EXPENDITURES</b>				
Current				
General Government	17,314,445	17,420,353	9,553,712	7,866,641
Public Safety	49,868,789	48,503,508	25,931,390	22,572,118
Physical Environment	8,997,018	8,890,912	4,796,290	4,094,622
Human Services	1,250,850	1,296,738	718,148	578,590
Culture and Recreation	9,489,915	9,449,314	5,255,492	4,193,822
Capital Outlay	576,764	1,093,585	654,341	439,244
Debt Service				
Interest and Fiscal Charges	1,765	1,765	822	943
<b>TOTAL EXPENDITURES</b>	<b>87,499,546</b>	<b>86,656,175</b>	<b>46,910,195</b>	<b>39,745,980</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,031,698)</b>	<b>(7,100,019)</b>	<b>(9,634,852)</b>	<b>(2,534,833)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,531,148	7,142,411	5,535,285	(1,607,126)
Transfers (Out)	(4,176,555)	(3,171,181)	(1,172,782)	1,998,399
Sale of Fixed Assets			4,400	4,400
Intergovernmental Loan Proceeds				0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,354,593</b>	<b>3,971,230</b>	<b>4,366,903</b>	<b>395,673</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>(677,105)</b>	<b>(3,128,789)</b>	<b>(5,267,949)</b>	<b>(2,139,160)</b>
Fund Balances, January 1 Prior Period	677,105	862,126	6,006,755 (881,610)	5,144,629
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$0</b>	<b>(\$2,266,663)</b>	<b>(\$142,804)</b>	<b>\$3,005,469</b>

See Accompanying Notes to Financial Statements

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

December 31, 2009

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER AND SEWER UTILITY	GOLF COURSE FUNDS	TOTAL 2009	
<b>CURRENT ASSETS</b>				
Cash and Equivalents	\$1,167,060	\$1,083	\$1,168,143	\$151,533
Investments	1,203,112	0	1,203,112	3,963,000
Receivables (Net of Allowance for Uncollectibles)	1,680,967	0	1,680,967	54,970
Due from Other Funds	5,300,450	0	5,300,450	0
Inventories	0	14,854	14,854	144,031
Prepaid Expenses	55,575	11,022	66,597	0
Restricted Assets - Cash & Investments				
Customer Deposits	59,291	0	59,291	0
Revenue Bond Current Debt Service	1,760,134	0	1,760,134	0
Revenue Bond Future Debt Service Reserve and Reservoir Reserve	2,040,254	0	2,040,254	0
<b>TOTAL CURRENT ASSETS</b>	<b>13,266,843</b>	<b>26,959</b>	<b>13,293,802</b>	<b>4,313,534</b>
<b>NONCURRENT ASSETS</b>				
Deferred Charge: Revenue Bond Issuance Costs	119,773	0	119,773	0
Property, Plant and Equipment				
Land	3,203,398	3,663,369	6,866,767	0
Buildings	35,559,350	199,850	35,759,200	1,862,098
Improvements other than Buildings	1,844,471	1,099,082	2,943,553	
Machinery and Equipment	1,834,769	465,142	2,299,911	10,491,521
Infrastructure	38,576,639	0	38,576,639	0
Construction in Progress	3,093,391	2,285	3,095,676	260,860
	84,112,018	5,429,728	89,541,746	12,614,479
(Less) Accumulated Depreciation	(40,145,346)	(705,808)	(40,851,154)	(4,780,969)
Net Property, Plant and Equipment	43,966,672	4,723,920	48,690,592	7,833,510
<b>TOTAL NONCURRENT ASSETS</b>	<b>44,086,445</b>	<b>4,723,920</b>	<b>48,810,365</b>	<b>7,833,510</b>
<b>TOTAL ASSETS</b>	<b>\$57,353,288</b>	<b>\$4,750,879</b>	<b>\$62,104,167</b>	<b>\$12,147,044</b>

See Accompanying Notes to Financial Statements

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

December 31, 2009

LIABILITIES AND FUND EQUITIES	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER AND SEWER UTILITY	GOLF COURSE FUNDS	TOTAL 2009	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES (Payable from Current Assets)</b>				
Accounts Payable & Accrued Expenses	\$117,297	\$24,853	\$142,150	\$75,881
Due to Other Funds	0	687,485	687,485	0
Accrued Interest on Contracts	0	54,268	54,268	0
Compensated Absences	64,630	19,142	83,772	50,882
Claims and Judgments	0	0	0	145,681
Matured Bonds Payable	1,060,000	0	1,060,000	0
Contract Payable	0	0	0	0
Gift Certificates	0	42,208	42,208	0
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>				
Accrued Revenue Bond Interest	31,037	0	31,037	0
Deposits	59,291	20,465	79,756	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,332,255</b>	<b>848,421</b>	<b>2,180,676</b>	<b>272,444</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences (Net of Current Portion)	157,502	74,591	232,093	0
Revenue Bonds Payable (Net of Current Portion)	8,105,000	0	8,105,000	0
Unamortized Premium	265,818	0	265,818	0
(Less) Unamortized Bond Discount	(51,750)	0	(51,750)	0
Due to Other Funds	0	0	0	0
Other Long Term Debt/Contracts Payable	0	0	0	0
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>8,476,570</b>	<b>74,591</b>	<b>8,551,161</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>9,808,825</b>	<b>923,012</b>	<b>10,731,837</b>	<b>272,444</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	32,761,418	4,723,920	37,485,338	7,833,510
Net Assets Restricted for Debt Service	5,840,642	0	5,840,642	0
Unrestricted	8,942,403	(896,053)	8,046,350	4,041,089
<b>TOTAL NET ASSETS</b>	<b>\$47,544,463</b>	<b>\$3,827,867</b>	<b>\$51,372,330</b>	<b>\$11,874,600</b>

See Accompanying Notes to Financial Statements

Page 2 of 2

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

For the Year Ended December 31, 2009

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER UTILITY</u>	<u>GOLF COURSE FUNDS</u>	<u>TOTAL 2009</u>	
<b>OPERATING REVENUES</b>				
Charges for Services/Fees-Water	\$3,188,626	\$0	\$3,188,626	\$0
Charges for Services/Fees-Sewer	6,720,074	0	6,720,074	0
Charges for Services/Fees-Storm	1,796,405	0	1,796,405	0
Charges for Services/Golf		971,575	971,575	
Other Operating Revenue	42,819	96,002	138,821	3,426,886
<b>TOTAL OPERATING REVENUES</b>	<b>11,747,924</b>	<b>1,067,577</b>	<b>12,815,501</b>	<b>3,426,886</b>
<b>OPERATING EXPENSES</b>				
Administrative and General-Water	1,317,230	0	1,317,230	0
Administrative and General-Sewer	1,205,004	0	1,205,004	0
Administrative and General-Storm	641,269	0	641,269	0
Administrative and General	0	393,861	393,861	546,001
Maintenance & Operations-Water	2,348,180	0	2,348,180	0
Maintenance & Operations-Sewer	3,233,003	0	3,233,003	0
Maintenance & Operations-Storm	540,735	0	540,735	0
Maintenance & Operations	0	670,475	670,475	2,472,093
Depreciation	0	34,276	34,276	309,363
Depreciation-Water	465,674	0	465,674	0
Depreciation-Sewer	1,719,430	0	1,719,430	0
Depreciation-Storm	148,149	0	148,149	0
<b>TOTAL OPERATING EXPENSES</b>	<b>11,618,674</b>	<b>1,098,612</b>	<b>12,717,286</b>	<b>3,327,457</b>
<b>OPERATING INCOME (LOSS)</b>	<b>129,250</b>	<b>(31,035)</b>	<b>98,215</b>	<b>99,429</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Miscellaneous Interest Revenue	205,254	0	205,254	101,074
Debt Issuance Costs	(10,036)	0	(10,036)	0
Interest Expense	(388,720)	(2,373)	(391,093)	0
Gain (Loss) on Property Dispositions	(1,953)	2,554	601	27,860
Other non-operating income (expenses)	4,089	0	4,089	10,892
<b>TOTAL NON-OPERATING REVENUES</b>	<b>(191,366)</b>	<b>181</b>	<b>(191,185)</b>	<b>139,826</b>
<b>INCOME BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(62,116)</b>	<b>(30,854)</b>	<b>(92,970)</b>	<b>239,255</b>
<b>TRANSFERS</b>				
Transfers In	0	80,000	80,000	361,719
Transfers (Out)	(2,380,404)	(400,469)	(2,780,873)	(15,000)
<b>CAPITAL CONTRIBUTIONS</b>				
Water	42,032	0	42,032	0
Sewer	23,000	0	23,000	0
Other	30,615	0	30,615	0
<b>CHANGE IN NET ASSETS</b>	<b>(2,346,873)</b>	<b>(351,323)</b>	<b>(2,698,196)</b>	<b>585,974</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>49,891,336</b>	<b>4,179,190</b>	<b>54,070,526</b>	<b>11,297,712</b>
Prior Period	0	0	0	(9,086)
<b>TOTAL NET ASSETS</b>	<b>\$47,544,463</b>	<b>\$3,827,867</b>	<b>\$51,372,330</b>	<b>\$11,874,600</b>

See Accompanying Notes to Financial Statements

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2009

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER UTILITY</u>	<u>GOLF COURSE FUNDS</u>	<u>TOTAL 2009</u>	
Cash flows from operating activities:				
Cash received from customers	\$7,094,143	\$1,067,577	\$8,161,720	\$3,552,358
Other Operating Revenues	0	0	0	40,776
Cash payments to suppliers	(1,713,640)	(363,327)	(2,076,967)	(2,993,171)
Cash payments for operating expenses	(4,578,922)	(33,067)	(4,611,989)	(123,337)
Cash payments to employees for services	(2,851,689)	(610,891)	(3,462,580)	(87,424)
Taxes-Employer/State Excise	(453,904)	(41,761)	(495,665)	0
Due to Other Funds	0	(26,321)	(26,321)	0
Net cash provided by operating activities	<u>(2,504,012)</u>	<u>(7,790)</u>	<u>(2,511,802)</u>	<u>389,202</u>
Cash flows from noncapital financing activities:				
Repayment of proceeds from P.W. Trust Loan/ State Revolving	(84,211)	0	(84,211)	0
Misc. Non-Capital Financing	(506)	0	(506)	0
Net borrowing (repayment) loan agreement	0	420,000	420,000	0
Interest paid on interfund loan	0	(2,373)	(2,373)	0
Operating Grants Received	4,089	0	4,089	0
Insurance Recovery	0	0	0	10,892
Transfers in	0	80,000	80,000	361,719
Transfers (out)	(2,380,404)	(400,469)	(2,780,873)	(15,000)
Net cash provided by noncapital financing activities	<u>(2,461,032)</u>	<u>97,158</u>	<u>(2,363,874)</u>	<u>357,611</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,831,187)	(95,932)	(1,927,119)	(1,770,211)
Proceeds from sale of equipment	(1,953)	2,554	601	27,860
Principal paid on revenue bonds	(835,000)	0	(835,000)	0
Interest paid on revenue bonds and contracts	(391,925)	0	(391,925)	0
Capital contributed	95,647	0	95,647	0
Payments on bond issuance	(14,767)	0	(14,767)	0
Net cash used for capital and related financing activities	<u>(2,979,185)</u>	<u>(93,378)</u>	<u>(3,072,563)</u>	<u>(1,742,351)</u>
Cash flows from investing activities:				
Purchase of investment securities	(1,203,112)	0	(1,203,112)	(3,963,000)
Proceeds from sale of investments	4,417,134	0	4,417,134	4,465,000
Interest and dividends on investments	205,254	0	205,254	111,900
Net cash used in investing activities	<u>3,419,276</u>	<u>0</u>	<u>3,419,276</u>	<u>613,900</u>
Net increase (decrease) in cash and cash equivalents	(4,524,953)	(4,010)	(4,528,963)	(381,638)
Cash and cash equivalents at beginning of year	9,551,692	5,093	9,556,785	533,170
Cash and cash equivalents at end of year	<u>\$5,026,739</u>	<u>\$1,083</u>	<u>\$5,027,822</u>	<u>\$151,532</u>

See Accompanying Notes to Financial Statements

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**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2009

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER UTILITY</u>	<u>GOLF COURSE FUNDS</u>	<u>TOTAL 2009</u>	
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$129,250	(\$31,035)	\$98,215	\$99,428
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,333,253	34,275	2,367,528	309,363
Non-operating receipts	0	0	0	0
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable	(4,659,009)	0	(4,659,009)	25,265
(Increase) Decrease in inventory	0	9,156	9,156	66,306
(Increase) Decrease in prepaid expenses	(14,974)	(2,248)	(17,222)	0
Increase (Decrease) in accounts payable/wages	(292,532)	(17,938)	(310,470)	(111,160)
Total adjustments	<u>(2,633,262)</u>	<u>23,245</u>	<u>(2,610,017)</u>	<u>289,774</u>
Net cash provided by operating activities	<u>(\$2,504,012)</u>	<u>(\$7,790)</u>	<u>(\$2,511,802)</u>	<u>\$389,202</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Vehicle trade-ins			\$3,833	\$74,500
Gain or loss on property disposition			0	27,860
Capital asset contributions from developers			95,647	0
<b>DISCLOSURE OF CASH AND CASH EQUIVALENTS</b>				
Cash and equivalents			1,168,143	151,532
Customer Deposits			59,291	0
Revenue bond current debt service			1,760,134	0
Revenue bond future debt service reserve			<u>2,040,254</u>	<u>0</u>
Cash and cash equivalents at end of year			<u>\$5,027,822</u>	<u>\$151,532</u>

See Accompanying Notes to Financial Statements

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**FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS**

December 31, 2009

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	<u>FIREMEN'S PENSION FUNDS</u>	<u>AGENCY/ CLEARING FUNDS</u>
<b>ASSETS</b>		
Cash and Equivalents	\$10,643	\$659,633
Investments		
U.S. Government Securities	875,523	1,904,000
Accounts Receivable	0	0
Prepaid Insurance	<u>37,189</u>	<u>0</u>
 TOTAL ASSETS	 <u><u>\$923,355</u></u>	 <u><u>\$2,563,633</u></u>
 <b>LIABILITIES</b>		
Accounts Payable	\$0	\$2,244,469
Deposits Payable	<u>0</u>	<u>319,164</u>
 TOTAL LIABILITIES	 <u><u>0</u></u>	 <u><u>2,563,633</u></u>
 <b>NET ASSETS</b>		
Reserved for Employees' Pension Benefits	 <u><u>\$923,355</u></u>	 <u><u>\$0</u></u>

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**

For the year ended December 31, 2009

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	<u>FIREMEN'S PENSION FUNDS</u>
<b>ADDITIONS</b>	
Fire Insurance Premiums	\$44,559
Investment Income	
Interest	<u>15,711</u>
TOTAL ADDITIONS	<u>60,270</u>
<b>DEDUCTIONS</b>	
Benefits	54,633
Health Care Payments	<u>37,772</u>
TOTAL DEDUCTIONS	<u>92,405</u>
CHANGE IN NET ASSETS	(32,135)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
Beginning of Year	<u>955,490</u>
End of Year	<u><u>\$923,355</u></u>

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**NOTES TO FINANCIAL STATEMENTS**

JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

The accompanying notes are an integral part of the enclosed financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lynnwood was incorporated April 23, 1959, under the provisions of the Washington State Legislation and operates under a Mayor/Council form of government. The Mayor is the full-time Chief Executive Officer with seven part-time Council Members. The City's combined balance sheets include the accounts of all City operations. The City's major services include police and fire protection, parks and recreation, library service, public works (streets and water/sewer utilities), planning and zoning, and general administration services.

The accounting and reporting policies of the City of Lynnwood conform to generally accepted accounting principles, and are regulated by the Washington State Auditor's Office in accordance with state law. The following is a summary of the more significant accounting policies utilized by the City in preparation of the accompanying financial statements.

In June 1999, GASB unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section presenting an analysis of the City's overall position and results of operation.
- A change in the fund financial statements focusing on the major funds.
- Prepared financial statements using full accrual accounting for all of the City's activities, including infrastructure (streets, roads, etc.).

This statement, as well as, Statement #37 "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", and Statement #38 "Certain Financial Statement Note Disclosures" are reflected in the accompanying financial statements (including notes to financial statements). The City is required by GASB to report additions to infrastructure in the year GASB 34 is implemented. The GASB allows a phase 2 city, such as Lynnwood, to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006. The City has reported its infrastructure assets in Note 6 of this report.

**A. REPORTING ENTITY**

The City's financial statements include all funds and activities that are controlled by or dependent on the City. Under Governmental Accounting Standards Board (GASB) Statement 14, the primary basis of determining whether outside agencies and organizations should be considered component units of the City and included in the

City's financial statements is fiscal accountability. Fiscal accountability is defined as follows: A primary government has substantive authority to appoint a voting majority of a component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and the component unit is fiscally dependent on the primary government.

#### B. DISCRETELY PRESENTED COMPONENT UNIT

The Lynnwood City Council formed the South Snohomish County Public Facilities District (PFD) on August 24, 1999 by adoption of its Ordinance No 2266. The PFD was created under the authority provided by the legislature during the 1999 legislative session and since codified as RCW 35.57. The purpose of the PFD is to construct and operate a "regional center" in the City of Lynnwood. RCW 35.57 defines a regional center as a conference, convention or special events center along with related parking.

A five-member board governs the PFD and is appointed to four-year terms by the City Council. The City provides funding for the PFD through hotel/motel taxes, making the PFD dependent upon the City of Lynnwood for its revenue source.

The PFD has authority under state law to issue debt, levy certain taxes, and enter into contracts. The legislation provided that the PFD commence construction of its regional center by January 1, 2003. The PFD incurred a short-term bank loan in the amount of \$1,036,080 and sold short-term commercial paper in the amount of \$8,600,000. The Convention Center was completed and had its grand opening on April 29, 2004.

In December 2004 the Lynnwood Public Facilities District issued \$1,930,000 Convention Center Sales Tax Bonds, 2004 Series A (Taxable), \$10,000,000 Convention Center Sales Tax Bonds, 2004 Series B and \$17,265,000 Convention Center Revenue Bonds, 2005. The purpose for the issuance of these Bonds was to pay a portion of the cost of acquiring, constructing and equipping the Convention Center, to pay a portion of the cost of acquiring Auxiliary Facilities, to redeem and retire the Notes, to fund interest on the Series B Bonds and the Revenue Bonds through October 1, 2005 and to pay costs of issuance of the Bonds.

The PFD is presented as a discrete component of the City, and more information about the PFD, including complete financial statements, can be obtained at the Lynnwood City Hall.

#### C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

separately from business-type activities, which rely on fees and charges for support. The component unit is reported separately from the City.

The Statement of Activities displays the extent to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, while program revenues are those items that are applicable to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions that are restricted to meeting the operational or capital requirement of particular function or segment are also included.

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

#### D. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds, depending on what they are to be spent for and how they are controlled.

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. The Agency Funds, however, have no measurement focus.

#### GOVERNMENTAL FUND TYPES:

All governmental funds are accounted for on a current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available expendable resources." 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. Governmental fund operating statements focus on measuring changes in financial position, rather than net income; furthermore, they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The City reports the following major governmental funds:

#### General Fund

This 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.

#### LID 93-1

A Debt Service Fund used to pay LID Bonds from collected assessments.

#### Community Center

This fund was set up for the construction of a new recreation center. It also was for the study of a City community and senior center facility.

#### Water, Sewer and Storm Drainage Utility Fund

This fund serves as the main operating fund for providing water service, sewage treatment plant, pumping station and collection systems, as well as, storm water runoff drains and catch basins for the citizens of the City. It also acts to perform debt service duties for payment of a revenue bond used to construct the City's sewer treatment plant. This revenue bond has been refunded to provide better interest rates and provide funding for several utility projects around the City. See Note 8 to obtain more information on this refunded revenue bond issue.

#### Golf Course Fund

This fund accounts for all of the City's operation of an 18-hole municipal golf course and proshop.

The City reports the following fund groups as non-major funds:

#### Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

#### Debt Service Funds

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

#### Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition of capital facilities other than those financed by the proprietary funds.

PROPRIETARY FUND TYPES:

Proprietary funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Proprietary funds disclose cash flows by a separate statement that presents their investing and financing activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of Lynnwood has elected not to follow subsequent private-sector guidance.

The City eliminates the effect of interfund activity from the government-wide financial statements. There are some exceptions to this rule such as charges between the utility function and other functions within the City, and any payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The Enterprise funds operating revenue includes charges for services rendered for water, sewer, drainage, golf green fees and pro shop while the operating expenditures include administrative, maintenance expenses and depreciation on capital assets. All revenues and expenses not falling into the above broad categories are reported as nonoperating revenues and expenses.

#### Enterprise Funds

These funds are used to account for services to the general public where all or most of the costs including depreciation are to be financed or recovered from users of such services. The City maintains separate funds for water-sewer utility operations, and a golf course. These funds are each reported as major funds in the enterprise funds.

#### Internal Service Funds

These funds are used to account for the financing of goods and services provided to other funds, departments, or governments on a cost-reimbursement basis. The City maintains funds in this category for stores, equipment rental, self-insurance and a reserve retirement fund.

#### FIDUCIARY FUND TYPES:

Fiduciary fund revenues and expenses should be recognized on the basis consistent with the fund's accounting measurement objective. Pension trust funds are accounted for on the full accrual basis. Agency fund assets and liabilities are also accounted for on the full accrual basis.

### Trust Funds

These funds are used to account for cash and other assets received and held by the City acting in the capacity of trustee or custodian. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds (capital maintenance), but with an important expanded emphasis on required fund balance reserves. The City uses one trust fund; the Firemen's Pension Trust Fund.

### Agency Funds

Agency funds are used to account for assets held by the City in a custodial capacity (assets equal liabilities) and do not involve measurement of results of operations. The City uses these funds to account for its investment activities, payroll and claims payables, arbitrage liabilities, and various deposits payable to State and local agencies and private contractors. A new agency fund was established in 2006 to account for bail money received by the Court. This is not the City's money, but is being held and accounted for by the City.

## E. BASIS OF ACCOUNTING

Accounting records for the City are maintained in accordance with methods prescribed by the State Auditor under the authority of RCW 43.09, which is consistent with GAAP. The City uses the Budgeting, Accounting and Reporting System (BARS) manual put out by the Washington State Auditor.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

### Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current 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.

Property taxes levied and the first 1/4% and the second 1/4% Real Estate Excise Tax due for the current year are considered available and are recognized as revenues even though a portion of the taxes may be collected in the subsequent year. Snohomish County acts as the City's collection agent for these taxes.

Special assessments are recognized as revenue in the accounting period in which they become susceptible to accrual.

Grant Revenues - When expenditure is the prime factor for determining eligibility, the grant revenue is considered measurable and available. Therefore, grant revenues to be received as reimbursement for expenditure incurred in the current year are recognized as revenue in that year.

Interfund and Intergovernmental Services - When goods and services have been provided they are then considered both measurable and available.

Transfers - These are classified as "Other Financing Sources" and are considered measurable and available.

Interest - When investment interest has been earned and when material, it is considered measurable and available.

Revenue sources that are not considered to meet the measurable (and available) criteria include sales tax, licenses and permits, state shared revenues, fines/forfeitures, and other miscellaneous revenues. Their values are not known until received.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for principal and interest on general long-term debt and vacation and sick pay, which are recorded when paid. Purchases of capital assets out of governmental funds are expensed during the year incurred and the asset is reported in the governmental column of the government-wide financial statement. Long-term liabilities, including vacation pay not currently due and payable, are also reported in the Government-wide financial statement.

#### Accrual Basis of Accounting

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. Unbilled utility services are accrued through December 31. Capital assets and debt liability are also recorded.

Categories that are accounted for under the accrual basis are the proprietary and fiduciary funds. In these funds, fixed asset purchases are capitalized and long-term debt liability is recorded.

## F. BUDGETARY DATA

The City budgets its funds in accordance with the Optional Municipal Code 35A.34 of the Revised Code of Washington. In compliance with this Code, all funds with the exception of custodial agency funds and LID debt service funds are budgeted.

In June of 2002, the City passed an ordinance (in accordance with RCW 35A.34) to change from an annual budget to a biennial budget. The City prepares its budget on a cash basis, which differs from generally accepted accounting principles (see Note 3.) Expenditures are recognized during the year when paid, and for the first twenty days of the ensuing year. Therefore, the "Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund, and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Funds," are presented for annually budgeted funds on the legal budget basis, except that the LID Debt Service Funds are not budgeted. It is reconciled to the revenues and expenditures in the "Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund, and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Fund Types" in the reconciliation presented under Note 3.

Budgets established for Proprietary Funds are "Management Budgets" and as such are not required to be reported in the CAFR. Budgets for all Capital Projects Funds are excluded from the biennial budget and are adopted on a project-length basis. These budgets primarily serve a management control function and related appropriations are continuing in nature, therefore, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided in this document. In the year the biennial budget is prepared the following are the steps in the budget process:

January to March – The Council establishes a budget process calendar by resolution in January. The Council approves items to be carried over from the previous biennial budget because they did not get done and the money to complete them was unspent as well. This usually occurs in February. The Finance Director provides a "first look" at the prior year's financial results in late February.

March to May – The City Council begins to discuss their goals and objectives or any other issues that could have an impact on the budget. Ordinance 2299 calls for the Council to adopt citywide goals and objectives by May of each year. A public hearing is held in late May or early June to assure an opportunity for public input prior to the development of the budget.

June to July – In June the Finance Director delivers to the department heads the Operating Budget Instructional Manual. This manual encompasses the Mayor's message, which depicts the guidelines for departmental budget projections. Also, included are the City's goals as defined by Council. This manual also provides instructions and samples of the actual working documents that are required of the departments for the development of their budgets. The working documents are due

back to the Budget Analyst by the end of July. Public Hearing number 2 is held to review with Council the revenue items (including property tax) that are anticipated to be appropriate for the upcoming budget year.

August to October – The Budget Analyst compiles the department’s requests for the Mayor’s review. The Mayor holds meetings with individual departments to review their budgets and budget issues. The individual Department Heads present their budgets to the Council at a Council Work Session. The budget as presented by the departments and prior to being balanced by the Mayor is known as the Proposed Preliminary Budget (RCW 35A.33.050). A third Public Hearing is held in October to allow the public to comment on the Proposed Preliminary Budget and to discuss any budget issues with the Council. The Mayor prepares recommendations for balancing the budget and presents them to the Council in late October (RCW 35A.33.052).

November and December – The final Public Hearing is held and the Council conducts work sessions to discuss and understand the budget material presented. The Council adopts the biennial budget. The Administrative Services Department makes the final budget adjustments and provides each department with a ‘working copy’ of the adopted budget along with the Budget Ordinance. The formal adopted budget is distributed to the Mayor, City Council and to the public upon request.

A mid-biennial review shall commence no sooner than eight months after the start nor later than twelve months after the start of the biennium. Public hearings on the proposed budget modification shall be conducted at least two weeks prior to the adoption of the ordinance modifying the biennial budget. In November and December of each year the Capital Facilities plan and other related policy actions are adopted by the Council.

#### Amending the Budget

The Mayor is authorized to transfer budgeted amounts between departments within any fund with the exception of the General Fund. Any revisions that alter the total expenditures of a fund, or of a department in the General Fund, must be approved by the City Council. When the Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, they may do so by adopting an ordinance with a simple majority vote.

A detailed analysis of the City’s finances is reviewed monthly with the Mayor and Council. A copy of this analysis is always posted to the City’s web site.

The budget, as adopted, constitutes the legal authority for expenditures. The City’s budget was amended nineteen times during the fiscal year, resulting in an increase in appropriations of \$24,729,160. The amendments involved primarily changes in interfund transfers, Capital Project funds, Public Safety and Enterprise funds. The financial statements present both the original and amended budgetary information as approved. All appropriations lapse at the end of the biennium.

The budget presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual represents the 2009-2010 biennial period.

#### G. CASH, DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments are presented on the balance sheet at fair value or amortized cost, which approximates fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

Pool investments are reported on the statement of net assets as Cash and Cash Equivalents. At year-end, for reporting purposes only, investments in this pool are apportioned to individual funds based on monthly participation. Interest income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average monthly cash balance of the fund and the average monthly interest rate earned on pooled investments. Investments are also held separately by funds with interest earned directly for each funds benefit. The City holds most investments to maturity.

#### DEPOSITS

At year-end, the carrying amount for the City's certificates of deposits was \$4,448,756, money market was \$103,407, and the bank balance was \$4,637,473, which includes Lynnwood Municipal Court funds in the amount of \$28,662. These Court funds are held in a special Agency Fund bank account and are returned upon closure of each related case. These funds do not belong to the City, but are held and accounted for by the City.

The Federal Deposit Insurance Corporation (FDIC) insures the City's deposit and investments up to \$250,000. All bank deposits not covered by FDIC are covered under the State of Washington Public Deposit Protection Commission Act (PDPCA) of 1969. Cash held in the Local Government Investment Pool is managed by the Washington State Treasurer's Office. This pool represents an interest in a group of securities and has no specific security subject to custodial risk.

#### INVESTMENTS

All surplus cash is invested in accordance with an investment policy approved by Lynnwood City Council. The investment policy is in compliance with state law. State law defines eligible investments to only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250 and 43.84.080). Eligible investments include obligations of the United States government, Treasury and Agency securities, bankers' acceptances, certificates of deposit and repurchase agreements. Additionally, the investment policy sets forth maximum concentration guidelines whereby the City will diversify its investments by security type and issuer.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy applies the prudent person standard: Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment purposes. All Agency securities in our portfolio are rated AAA and the Certificates of Deposit are covered by the FDIC and PDPCA. The Washington State Local Government Investment Pool is a Rule 2a7-like pool and is unrated.

**Custodial credit risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Union Bank of California, as the City's agent, in the City's name, holds all City securities for safekeeping.

**Concentration of credit risk:** Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits its exposure to concentration risk by requiring diversification by type and institution as follows:

<b>Security Type</b>	<b>Portfolio Maximum by Issuer</b>	<b>Portfolio Maximum</b>
US Treasury	100%	100%
Federal Home Loan	50%	50%
Federal National Mortgage Association	50%	50%
Federal Home Loan Mortgage Corp	50%	50%
Federal Farm Credit	50%	50%
Local Government Investment Pool	100%	100%
Certificates of Deposits	25%	50%
General Obligation Bonds of State & Local Governments	20%	20%

**Interest Rate Risk:** In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investments to not more than five years. The average maturity will be consistent with the City's liquidity objective.

<b>Investments</b>	<b>Fair Value (in Thousands)</b>	<b>Weighted Average Maturity (Years)</b>
Federal Home Loan Bank	\$2,526,715	0.23
Federal National Mortgage Association	2,550,665	0.23
Federal Home Loan Mortgage Corp	3,521,455	0.32
Federal Farm Credit Bank	2,276,335	0.20
Washington State Investment Pool	7,060,133	--
<b>Total Fair Value</b>	<b>\$17,935,303</b>	<b>.98</b>

As of December 31, 2009 the fair value of the City's investment portfolio was \$17,935,303, of which, \$10,855,081 was invested in US Treasuries and Agencies and \$7,060,133 was invested with the Washington State Treasurer's Investment Pool.

A reconciliation of cash, cash equivalents (including pooled investments and investments) as shown in the government-wide and fund financial statements is as follows:

<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>Amount</b>
Investments*	\$10,855,081
Certificates of Deposits	4,448,756
US Bank Checking	4,637,473
Money Market	103,407
Petty Cash, Change Funds & Advance Travel	30,905
Deposit with Fiscal Agent	250,000
Local Government Investment Pool	7,060,133
<b>Total</b>	<b>\$27,385,755</b>

\* Net of discount and premium

As Reflected in the Financial Statements:

	Governmental Activities	Business- type Activities	Total Primary Government	Fiduciary Unit	Total
Cash & Cash Equivalents	1,260,578	1,227,434	2,488,012	670,276	3,158,288
Investments	16,442,148	5,003,500	21,445,648	2,779,523	24,225,171

## H. RECEIVABLES

The City of Lynnwood uses the modified accrual basis of accounting for its governmental funds and the full accrual basis of accounting for its proprietary funds as described in Note 1D. At year-end the City makes the appropriate accruals for receivables and unbilled customer accounts described as follows:

### Property Taxes

Uncollected property taxes through December 31 are recorded as receivables at year-end. The City accrued \$326,550 for property taxes, related interest and penalties.

### Accounts Receivable

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services provided. When an allowance for uncollectible receivable accounts exists, they are subtracted from Accounts Receivable, which are shown as "net". The City accrued accounts receivable consisting primarily of billed water/sewer accounts, court ordered fines, and other various receivables.

### Unbilled Accounts

At year-end the City accrued \$998,606 for unbilled utility customer accounts. Due to a two month billing cycle in water/sewer, this amount is the part of each utility customer's receivable earned in 2009, but not billed until 2010.

### Special Assessments

Special assessments are recorded when levied. Special assessments receivable consist of current, delinquent and deferred assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. As of December 31, there is an ongoing receivable of \$5,100,919 in Local Improvement District billings.

### Accrued Interest Receivable

Accrued interest receivable consists of interest earned on investments at the end of the year as well as interest and penalties on special assessment receivables.

## I. INTERFUND LOANS AND RECEIVABLES

These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note 5 below. A provision is made as "Reserve for Loans from Other Funds" that includes the entire amount of such outstanding loans.

## J. INTERFUND TRANSACTIONS AND TRANSFERS

Because governmental units operate with a number of funds, with each individual fund performing its specific functions, there are instances where funds are required to do business with each other. This business can be categorized as either an interfund transaction or an interfund transfer.

Interfund transactions are divided into two categories: interfund services provided and used and reimbursement transactions. Interfund services provided and used are those transactions that would be treated as revenues, expenditures or expenses if they involved parties external to the City. These types of transactions are accounted for as ordinary revenues, expenditures or expenses of the funds involved. An example of this type of transaction is when the Parks Department buys water from the Water Department. This transaction is treated as expenditure to the Parks Department and as revenue to the Water Department.

Reimbursement transactions occur when expenditure is initially made in a fund that is more appropriate for another fund. These items are recorded as expenditures or expenses of the reimbursing fund and as a reduction of expenditures or expenses in the fund initially charged. An example of this type of transaction occurs when the Public

Works or Finance Department allocates a certain amount of its time to provide services for the Utility Divisions. The expense is transferred to the Utility Divisions with a corresponding reduction of expense in the Public Works or Finance Department.

Interfund transfers involve transfers between funds. These are required where revenue is generated in one fund and expenditures are paid for in other funds. The majority of the transfers occur with respect to capital projects where excess General and Special Revenue Fund proceeds are transferred to finance various capital projects.

Transfers of a recurring nature are required to fund the debt service or to subsidize proprietary fund operations until appropriate rate structures are established.

Transfers of a non-recurring and non-routine nature between funds are accounted for in both the paying and receiving funds. The City of Lynnwood uses this type of transfer to transfer the equity balance of discontinued funds or to record contributions to or return of contributions from the Capital Projects, Enterprise, or Internal Service Funds.

#### K. INVENTORIES

Inventories are defined as assets that may be held for internal consumption or for resale. Inventory items may be recorded as expenditures when purchased or when consumed. The City of Lynnwood uses the following policies in valuing and recording inventory items:

Governmental Funds - The purchase method is used. Here the item upon purchase is recorded as an expenditure at cost. Inventory items remaining at year-end are considered immaterial and are therefore not included in the balance sheets of these funds.

Enterprise Funds - A perpetual inventory is maintained whereby expenses are recorded when the item is consumed. The market cost valuation method is used to cost the inventory. A physical inventory is also taken at year-end.

Internal Service Funds - A perpetual inventory is maintained whereby expenses are recorded when the item is consumed. The weighted average method of valuation has been used to cost the inventory. A physical inventory is taken at year-end.

#### L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated assets are valued at fair market value on the date of the donation. To account for financing leases, lease-purchases, and installment purchase contracts in Governmental Funds, the City charges payments made or due during the fiscal period as expenditures. Leases that qualify as capital leases are recorded at the present value of their future minimum lease payments as of the inception date.

Property, plant, and equipment in the Proprietary Funds are valued at historical cost, estimated historical cost when original cost is not available, or appraised market value at the time received in the case of contributions. Maintenance and repairs are expensed as incurred. Additions or changes that improve or extend the life of an asset are capitalized. Depreciation is computed on the straight-line method over the established useful life of the asset class as shown in the table below:

<u>ASSET CLASS</u>	<u>USEFUL LIFE (YRS)</u>
Buildings	25-50
Improvements Other Than Buildings	20-50
Equipment	3-20
Infrastructure	15-100

Interest costs incurred during capital construction performed by proprietary funds are capitalized within the fund. However, interest expense incurred during construction of capital facilities is not capitalized when the assets will be reported as a governmental capital asset in the entity-wide statement of net assets.

#### M. ACCUMULATED UNPAID VACATION AND SICK LEAVE

The City limits the accumulation of unpaid vacation benefits to two years accrual; any excess accrual would require executive approval. Accumulated unpaid vacation is accrued when earned and reported in the government-wide and proprietary fund financial statements.

Sick leave accumulation is limited to a maximum of 720 hours. Upon termination or retirement of employment, unused sick leave may be converted to pay at the current rate on the following basis:

1. Termination - Voluntary or discharge  
Five hours of up to 720 hours unused sick leave = 1 hour pay.
2. Termination by layoff  
Three hours of up to 720 hours unused sick leave = 1 hour pay.
3. Retirement  
Two years accumulation (192) hours

One hour unused sick leave = 1 hour pay.  
Balance of unused sick leave (up to 528 hours).  
Three hours unused sick leave = 1 hour pay.

Sick leave is accrued in the government-wide and proprietary fund statements based on historical experience as applied to the above payoff schedule. Sick leave is limited due to the employee's ability to accrue more than one year on the books. With this capability, it is difficult to determine with any accuracy the amount of current liability. The Governmental Funds reported \$3,623,445 accrued in 2009 compared to \$3,086,914 in 2008. This represents an overall increase of approximately 14.8%.

The liability for accumulated vacation and sick leave at December 31, 2009, is \$3,997,188, as reported in Note 8 for proprietary and governmental funds.

#### N. DEFERRED REVENUES

Deferred revenues are receivables that are measurable but not yet available, under the modified accrual basis of accounting. Accordingly, they are not recorded as revenue. The balance sheet records the receivable but includes deferred revenue as its offset. The City has recognized four deferred revenue items in 2009:

1. Uncollected property taxes levied. At year-end, all property taxes not yet collected by the County (on behalf of the City) are reported on the balance sheet as taxes receivable and deferred revenues.
2. Unbilled special assessments levied against benefited property for the cost of local improvements. An allowance for uncollectibles is not necessary since the assessments are liens against the property benefited.
3. Deferred rent from the enterprise fund (golf course) to the general fund.
4. Recreation Center programs reserved by customers that will occur in future time periods.

#### O. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

Grants and entitlements from the Federal and State governments are recorded as intergovernmental revenues and receivables when received or when entitlements occur. State shared revenues are recorded when they meet accrual criteria. Grants are accounted for in specific grant control funds as projects and capitalized upon completion.

#### P. RESERVATION OF FUND EQUITY

Fund balance and Net Assets have been classified as appropriate in the financial statements as follows:

1. Reserved - This portion has been segregated to indicate amounts that are legally restricted and are not available, spendable resources. The City has the following reserves:
  - (a) Reserved for Interfund Loans Receivable: segregation of a portion of fund balance to indicate that interfund loans receivable do not represent available spendable resources.
  - (b) Reserved for Employees Retirement Systems: Pension Trust Fund reserve for amounts set aside for the payment of annuities to retired members.
  - (c) Reserved for Prepaid Expense/Cost: segregation of a portion of fund balance to indicate that prepaid expenses do not represent available spendable resources.
  - (d) Reserved for LID Default: segregation of a portion of fund balance to cover default in LID payments.
2. Unreserved/Undesignated Fund Balance or Net Assets - Unreserved fund balance is the excess of current assets over current liabilities, net of reserves. The Net Assets are the accumulation of earnings of the proprietary funds, net of reserves or designations.

#### Q. REVENUES, EXPENDITURES AND EXPENSES

Under the modified-accrual basis of accounting:

Charges for services, interest on investments, and rents are generally considered measurable and available when earned in governmental funds.

Taxes that have been collected but not remitted to the City by an intermediary collection agency are considered measurable and available.

Special assessments are considered measurable and available when they become current.

Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned.

Interfund revenues for goods and services are considered measurable and available when earned.

Proceeds from refunded debt are recognized as another financing source and the amount remitted to the refunding trustee is recognized as an expenditure.

Proceeds from the sale or loss of fixed assets are recognized as another financing source.

All other revenues are either not measurable or considered not available until collected.

Expenditures are generally recognized when incurred.

Under the accrual basis of accounting:

Revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable.

## R. RISK MANAGEMENT

The City is an associate member for liability insurance of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2009, the CIAW has 86 regular members and 170 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence of \$100,000. Members are responsible for the first \$25,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$75,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$75,000 portion of the deductible.

The pool, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to eliminate any risk to members and, in addition, fully funds the Stop Loss in the budget.

Property insurance is subject to a per-occurrence deductible for the city of \$10,000. Members are responsible for the first \$2,500 of the deductible amount of each claim, while the pool is responsible for the remaining \$7,500.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contribution to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contracted to perform pool administration, claims adjustment and administration, and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ending August 31, 2008 and 2009 were \$1,321,289 and \$1,389,379 respectively.

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

The City of Lynnwood has transferred the risk of loss from torts, errors and omissions of City employees, damage to City property, and natural disasters including earthquakes to commercial insurers. There were no settlements in excess of coverage in any of the prior three years. The City and its employees contribute to the State of Washington's Department of Labor and Industries for workers' compensation.

A review committee annually reviews the prior year's claims, changes within the City, and the current legal requirements to determine the kind and extent of coverage that will be maintained for the next year for both current and past events. A safety committee is also appointed and a comprehensive, pro-active risk reduction program is maintained for cost containment and the benefit of the City's citizens and employees.

The City's responsibility is limited to the deductible amounts that generally are \$25,000. While insurance is purchased through the insurance pool for automobile liability, the City self-insures its own vehicles for other exposures. An Internal service fund was established in February 1981 to accumulate payments from other funds to cover the

deductible requirements and support its automobile self-insurance. Charges to the funds are based on historical cost information. Net Assets of approximately \$730,000 is available in order to have a reserve for deductibles and to cover policy exclusions. The unpaid claims amount represents claims that do not exceed the amounts covered by policy deductible limits. The events have occurred and the settlements can be reasonably estimated. Estimated amounts are based on the advice of the City's Claim Management Organization. On December 31, 2009, there was estimated to be \$183,941 of outstanding claims. The City also contracts for claim adjustment services with Brown & Brown for those claims below the deductible amount.

Changes in the claims liability amount in fiscal 2009 was:

<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
\$83,198	\$363,191	\$262,448	\$183,941

\*The City's insurance policies renew annually or biannually and do not necessarily run on a fiscal year.

#### INSURANCE IN FORCE

December 31, 2009

<u>INSURANCE COMPANY/COVERAGE</u>	<u>POLICY NUMBER</u>	<u>AMOUNT OF COVERAGE</u>
CIAW/Munich Reinsurance America, Inc. Policy Effective Dates: 9/1/09 - 9/1/10  Commercial General Liability General Liability, Law Enforcement Liability, Vehicle Liability, UIM Deductible: \$25,000	CIAW091034510	\$10,000,000
Wrongful Acts Liability Public Official's Liability, Employment Practices Liability, Sexual Harassment Deductible: \$25,000		\$10,000,000
Crime Employee Theft, Dishonesty, Forgery Deductible: \$1,000		\$1,000,000

Affiliated FM Insurance Company Policy Effective Dates: 4/23/09 - 4/23/10	TT067	
Primary property insurance Flood, earthquake, volcanic 5% of property value at time of loss / minimum \$100,000 Boiler & Machinery subject to 24 hr business interruption wait period Deductible: \$25,000		\$97,700,000
AIG Life Insurance Company Policy Effective Dates: 1/1/09 – 1/1/10 Accidental death or dismemberment for 7 Council Members & Mayor	GTP8041025	\$150,000
AIG Life Insurance Company Police Effective Dates: 4/20/09 - 4/20/10 Volunteer accidental death or dismemberment Volunteer medical benefits Deductible: \$250	SRG0009118452N	\$25,000 \$2,500
Colony Insurance Policy Effective Dates: 2/11/09 - 2/11/10 Undercover Storage Tank Pollution Liability - Treatment Plant Deductible: \$5,000	WA629729-6	\$1,000,000
Steadfast Insurance Police Effective Dates: 2/25/09 - 2/25/10 Environmental Impairment Liability - Treatment Plant Deductible: \$25,000	PLC902891004	\$5,000,000

## NOTE 2 - PROPERTY TAXES

The county treasurer acts as an agent for property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property value listed as of the prior May 31. These taxes become an enforceable lien against properties as of January 1. Assessed values are established by the county assessor at 100 percent of fair market value.

Taxes are due in two equal installments on April 30 and October 31. Collections are remitted monthly to the appropriate district by the county treasurer.

The City is permitted by RCW 84.52.043 to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons:

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

B. RCW 84.55.010 limits the growth of regular property taxes to 6 percent per year, after adjustments for new construction. This percent was lowered by sections 201 through 207 but will allow taxing districts to raise revenues in excess of the limit if approved by a majority of the voters.

For 2009, the City's regular tax levy was \$1.87 (includes a special \$.44 for Emergency Medical Services) per \$1,000 on a total assessed valuation of \$5,420,180,970 for total taxes of \$10,126,076.

Property taxes are recorded as receivables and offset by a deferred revenue account when levied. Since State law allows for sale of property for failure to pay taxes, no estimation of uncollectible taxes is made.

### NOTE 3 - BUDGET TO GAAP RECONCILIATION

The City's budget is prepared on the cash basis, which means that revenues are recognized when received and expenditures are recognized when paid. Therefore, the "Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund, and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds" report cash receipts and disbursements for governmental funds budgeted on an annual basis instead of revenues and expenditure amounts as defined under the modified accrual basis of accounting required by GAAP. The following schedule outlines adjustments made to revenues and expenditures on the GAAP basis. Accruals from prior year are added back to the GAAP figures and current year accruals are subtracted out.

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
Revenues reported on the basis of GAAP	\$37,203,490	\$6,158,937	\$830,122
Accounts receivable outstanding - 2008	246,230	0	0
Accounts receivable outstanding - 2009	(354,670)	0	0
Interest revenue accrual - 2008	298,414	0	0
Interest revenue accrual - 2009	(118,121)	0	0
Back out unbudgeted funds (LID Debt Service Funds)	<u>0</u>	<u>0</u>	<u>(826,983)</u>
Revenues reported on the budget basis of accounting	<u>\$37,275,343</u>	<u>\$6,158,937</u>	<u>\$ 3,139</u>

Other financing sources reported on the basis of GAAP	\$4,366,903	\$(4,637,030)	\$5,847,802
Back out unbudgeted funds (LID Debt Service Funds)	<u>0</u>	<u>0</u>	<u>0</u>
Other financing sources reported on the budgetary basis of accounting	<u>\$4,366,903</u>	<u>\$(4,637,030)</u>	<u>\$5,847,802</u>
Expenditures reported on basis of GAAP	\$46,910,195	\$3,862,933	\$6,459,853
Back out unbudgeted funds (LID Debt Service Funds)	---	---	(827,250)
Expenditures reported on the budgetary basis of accounting	<u>\$46,910,195</u>	<u>\$3,862,933</u>	<u>\$5,632,603</u>

**NOTE 4 - INTERFUND TRANSFERS**

The following interfund transactions occurred in 2009:

<u>TRANSFERS OUT</u>							
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTALS</u>
<u>TRANSFERS IN:</u>							
General	\$0	\$4,769,383	\$0	\$765,902	\$0	\$0	\$5,535,285
Special Revenue	286,000	0	0	11,790	0	0	297,790
Debt Service	869,437	165,459	4,570,058	322,091	400,468	0	6,327,513
Capital Projects	0	0	585,000	1,664,643	2,239,900	0	4,489,543
Enterprise	0	0	80,000	0	0	0	80,000
Internal Service	<u>17,345</u>	<u>0</u>	<u>0</u>	<u>188,870</u>	<u>140,504</u>	<u>15,000</u>	<u>361,719</u>
<b>TOTAL</b>	<u>\$1,172,782</u>	<u>\$4,934,842</u>	<u>\$5,235,058</u>	<u>\$2,953,296</u>	<u>\$2,780,872</u>	<u>\$15,000</u>	<u>\$17,091,850</u>

The purpose of the interfund transfers is for operating cash flow and capital contributions to the Capital Project Funds.

**NOTE 5 - INTERFUND LOANS**

The following table depicts Interfund loans and advances to other funds during 2009:

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>	<u>BEGINNING BALANCE 1/1/09</u>	<u>LOAN ACTIVITY DURING 2009</u>		<u>BALANCE AT 12/31/09</u>
			<u>NEW LOANS</u>	<u>REPAYMENTS</u>	
Utility					
	204th LID 2009-1 Temporary Cash flow	0	267,600	0	267,600
	Solid Waste – Temporary Cash flow	0	29,000	0	29,000
	General Fund – Temporary Cash flow due to shortage in Sales taxes	0	3,000,000	0	3,000,000
	Golf Course – Temporary Cash flow	130,000	550,000	130,000	550,000
	Roadway Surface – Temporary Cash flow	0	67,500	0	67,500
	Sidewalks/Ped Improvements – Temporary Cash flow	0	89,400	0	89,400
	Community Center – Temporary Cash flow	0	12,000	0	12,000
	200 <sup>th</sup> Improvement 68 <sup>th</sup> – 40 <sup>th</sup> – Temporary Cash flow	0	10,500	0	10,500
	Olympic View Drive- Temporary Cash flow	330,000	499,000	330,000	499,000
	Traffic Signals – Temporary Cash Flow	225,000	169,000	225,000	169,000
	Traffic Operations Center – Temporary Cash flow	<u>78,000</u>	<u>616,850</u>	<u>78,000</u>	<u>616,850</u>
TOTALS		<u>\$763,000</u>	<u>\$ 5,310,850</u>	<u>\$763,000</u>	<u>\$5,310,850</u>

Some of the above listed interfund loans are for temporary cash flow purposes in Capital Project funds, while others are for loss of revenue from a slow economy that has produced a substantial loss in retail sales taxes (especially in the General Fund).

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT**

A summary of changes in general governmental capital assets is as follows:

	<u>BALANCE</u> <u>1/1/09</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/09</u>
Capital assets, not being depreciated:				
Land	\$38,620,451	\$325,930	\$0	\$38,946,381
Construction in progress	<u>18,109,686</u>	<u>12,981,365</u>	<u>(16,164,253)</u>	<u>14,926,798</u>
Total capital assets, not being depreciated	<u>56,730,137</u>	<u>13,307,295</u>	<u>(16,164,253)</u>	<u>53,873,179</u>
Capital assets being depreciated:				
Buildings	26,855,003	344,421	0	27,199,424
Improvements other than buildings	15,826,480	7,703,185	(100,000)	23,429,665
Machinery and equipment	14,707,203	1,741,467	(433,269)	16,015,401
Infrastructure	<u>49,781,158</u>	<u>(1) 7,602,814</u>	<u>0</u>	<u>57,383,972</u>
Total capital assets being depreciated	<u>107,169,844</u>	<u>17,391,887</u>	<u>(533,269)</u>	<u>124,028,462</u>
Less accumulated depreciation for:				
Buildings	(11,979,834)	(740,522)	0	(12,720,356)
Improvements other than buildings	(11,595,226)	(465,251)	0	(12,060,477)
Machinery and equipment	(8,658,087)	(509,300)	369,384	(8,798,003)
Infrastructure	<u>(22,326,213)</u>	<u>(2,918,248)</u>	<u>0</u>	<u>(25,244,461)</u>
Total accumulated depreciation	<u>(54,559,360)</u>	<u>(4,633,321)</u>	<u>369,384</u>	<u>(58,823,297)</u>
Total capital assets, being depreciated, net	<u>52,610,484</u>	<u>12,758,566</u>	<u>(163,885)</u>	<u>65,205,165</u>
<b>TOTALS, NET</b>	<u><b>\$109,340,621</b></u>	<u><b>\$26,065,861</b></u>	<u><b>\$(16,328,138)</b></u>	<u><b>\$119,078,344</b></u>

(1) The City of Lynnwood built a public works building as a joint service facility with the City of Mountlake Terrace and Southwest Snohomish County Public Safety Communications Agency (SNOCOM), which was completed and capitalized in 1985. The cost of this facility was capitalized at the appropriate percentage as given below.

	<u>TOTAL COST</u>	<u>MOUNTLAKE TERRACE</u>	<u>SNO-COM</u>	<u>LYNNWOOD</u>
Land	\$719,788	39%	6%	55%
Building	1,674,894	37%	12%	51%
Equipment	207,658	46%	--	54%
Improvements other than buildings	<u>5,013</u>	46%	--	54%
<b>TOTAL</b>	<u><b>\$2,607,353</b></u>	38%	10%	52%

(1) The Infrastructure increase represents the inclusion of 2006, 2007, and 2008 also.

A summary of business type property, plant, and equipment at December 31, 2009, follows:

	<u>BALANCE</u> <u>1/1/09</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/09</u>
Capital assets, not being depreciated:				
Land	\$6,866,767	\$0	\$0	\$6,866,767
Construction in progress	<u>2,747,187</u>	<u>346,204</u>	<u>0</u>	<u>3,093,391</u>
Total capital assets, not being depreciated	<u>9,613,954</u>	<u>346,204</u>	<u>0</u>	<u>9,960,158</u>
Capital assets being depreciated:				
Buildings	35,768,965	0	(9,765)	35,759,200
Improvements other than buildings	2,943,552	0	0	2,943,552
Machinery and equipment	2,019,785	305,691	(25,565)	2,299,911
Infrastructure	<u>37,300,467</u>	<u>1,276,172</u>	<u>0</u>	<u>38,576,639</u>
Total Capital assets being Depreciated	<u>78,032,768</u>	<u>1,581,863</u>	<u>(35,330)</u>	<u>79,579,302</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(22,118,258)	(1,366,477)	7,812	(23,476,923)
Improvements other than buildings	(810,193)	(26,675)	0	(836,868)
Machinery and equipment	(1,686,516)	(58,543)	24,287	(1,720,772)
Infrastructure	<u>(13,900,756)</u>	<u>(919,960)</u>	<u>0</u>	<u>(14,820,716)</u>
Total accumulated depreciation	<u>(38,515,723)</u>	<u>(2,371,655)</u>	<u>32,099</u>	<u>(40,855,279)</u>
Total capital assets, being depreciated, net	<u>39,517,045</u>	<u>(789,792)</u>	<u>(3,231)</u>	<u>38,724,023</u>
<b>TOTALS, NET</b>	<u><b>\$49,130,999</b></u>	<u><b>\$(443,588)</b></u>	<u><b>\$(3,231)</b></u>	<u><b>\$48,684,181</b></u>

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

Governmental activities:

General Government	\$365,552
Public Safety	316,438
Transportation	3,527,866
Culture & Recreation	<u>423,464</u>
Total Governmental Activities	<u><b>\$4,633,320</b></u>

Business-type activities:

Water	\$469,890
Sewer	1,716,180
Golf	34,276
Storm Drainage	<u>151,309</u>
Total Business-type Activities	<u><b>\$2,371,655</b></u>

**NOTE 7 - LEASE COMMITMENTS**Capitalized Leases

To account for financing leases, lease purchases and installment purchase contracts in governmental funds, the City accounts for payments made or due during the fiscal period as debt service. In the year that the asset is received, the City records the present value of future lease payments as a capital outlay expenditure. The present value of payments due in future periods is shown as a liability in the government-wide financial statements along with the cost of the asset.

In proprietary funds, capital leases are recorded as assets and as long-term liabilities at the present value of the future lease payments when the asset is received. The fund records lease payments as reductions of the long-term liability and as interest expense over the life of the lease. The fund also records depreciation expense to amortize the asset over the lease term or over the life of the asset.

Operating Leases

The City of Lynnwood receives revenue in the General Fund from renting and leasing space in several buildings that have been purchased as future expansion sites. The City received \$189,840 of revenue in 2009 from leases and rental income. Two tenants remained at the end of 2008 including the Lynnwood Municipal Golf Course.

**NOTE 8 - LONG-TERM DEBT**

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the Debt Service Funds. Debt service for voter-approved issues is funded with special property tax levies. Debt service for City Council authorized (councilmanic) issues is funded from the Real Estate Excise Tax Fund and the General Fund.

Revenue Bonds are payable from revenues generated by the Water and Sewer Utility Fund.

Special Assessment operations are financed by bonds and notes issued after construction has been completed. Interfund loans are utilized for short-term financing and are subsequently repaid when bond proceeds have been received. Bond debt service is paid from assessment collections. LID bonds are callable at par each year without penalty. Although the bonds are secured by liens against assessed properties, the City is also required under State law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID Control Fund to do so. Due to the City's legal obligation to maintain the guaranty fund, special assessment bonds are considered a general government obligation.

## A. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2009:

	BALANCE <u>1/1/09</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	BALANCE <u>12/31/09</u>	CURRENT <u>PORTION</u>
GOVERNMENTAL ACTIVITIES:					
General obligations bonds	\$ 6,252,663	\$ 4,640,000	\$ 5,287,969	\$ 5,604,694	\$1,110,405
Special assessment bonds	5,095,000	0	530,000	4,565,000	(1) 590,000
Other post-employment Benefits	821,655	401,453	0	1,223,108	
Compensated absences	<u>3,086,914</u>	<u>3,169,821</u>	<u>2,633,290</u>	<u>3,623,445</u>	<u>921,358</u>
ACTIVITIES	<u>\$15,256,232</u>	<u>\$8,211,274</u>	<u>\$8,451,259</u>	<u>\$15,016,247</u>	<u>\$2,621,763</u>
LTGO BANS 2008 (2)	<u>0</u>	<u>1,913,257</u>	<u>0</u>	<u>1,913,257</u>	
BUSINESS TYPE ACTIVITIES:					
Revenue bonds	\$10,000,000	\$0	\$835,000	\$9,165,000	\$1,060,000
Other long-term debt (includes Capital Leases)	84,204	0	84,204	0	0
Compensated absences	<u>247,942</u>	<u>319,211</u>	<u>193,410</u>	<u>373,743</u>	<u>66,543</u>
TOTAL – BUSINESS TYPE ACTIVITIES	<u>\$10,332,146</u>	<u>\$319,211</u>	<u>\$1,112,614</u>	<u>\$9,535,743</u>	<u>\$1,126,543</u>

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated by a couple governmental funds. In the past, approximately 97% has been paid by the General Fund and the remaining 3% by the Street Fund.

- (1) Estimated current portion - many bonds are callable, therefore, exact amounts are not known.
- (2) This is a line of credit with a maximum drawable amount of \$25,480,000; \$1,913,257 has been drawn in 2009.

Long-term debt at December 31, 2009, consisted of the following:

### GENERAL OBLIGATIONS BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/09	CHANGES	12/31/09
1996 GO. Bonds	4.0-5.75	1996	2011	\$6,740,000	\$1,375,000	\$(1,375,000)	\$0
1998 GO. Bonds	4.0-5.0	1998	2017	4,550,000	2,595,000	(2,595,000)	0
2005 GO. Bonds	4.75-6.0	1999	2019	1,795,107	1,198,787	(90,165)	1,108,622
2001 GO. Bonds	4.00-4.375	2001	2012	1,365,000	595,000	(140,000)	455,000
State Capital Loan *	4.07851	2002	2012	377,666	169,343	(39,807)	129,536
State Capital Loan *	4.03673	2004	2014	534,295	319,533	(52,997)	266,536
2009 GO. Refund Bonds	3.0-4.0	2009	2017	4,640,000	0	3,645,000	3,645,000
Total General Obligation Bonds				<u>\$20,002,068</u>	<u>\$6,252,663</u>	<u>\$(647,969)</u>	<u>\$5,604,694</u>
LTGO BANS 2008	**	2008	2011	<u>25,480,000</u>	<u>0</u>	<u>1,913,257</u>	<u>1,913,257</u>

\*State Capital Asset Loan pledging non-voted GO Debt Capacity.

\*\*Interest at 82% of Banks prime rate at time of draw.

### REVENUE BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/09	CHANGES	12/31/09
2008 Utility Improvement Refunding Bonds	4.0-5.0	2008	2027	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$(835,000)</u>	<u>\$9,165,000</u>
Total Revenue Bonds				<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$(835,000)</u>	<u>\$9,165,000</u>

### OTHER LONG-TERM DEBT

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/09	CHANGES	12/31/09
Public Works Trust Fund Loan	1.0	1989	2009	\$1,500,000	\$84,204	\$(84,204)	\$0
Total Other Long-term Debt				<u>\$1,500,000</u>	<u>\$84,204</u>	<u>\$(84,204)</u>	<u>\$0</u>

### SPECIAL ASSESSMENT BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/09	CHANGES	12/31/09
1999 LID Bonds	4.10-6.40	1999	2021	<u>\$11,898,787</u>	<u>\$5,095,000</u>	<u>\$(530,000)</u>	<u>\$4,565,000</u>
Total Special Assessment Bonds				<u>\$11,898,787</u>	<u>\$5,095,000</u>	<u>\$(530,000)</u>	<u>\$4,565,000</u>

The annual total requirements to amortize the debt outstanding for general obligation, revenue bonds, special assessment and installment notes payable as of December 31, 2009, including interest, are as follows:

YEAR ENDING 12/31	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	1,675,405	473,485	1,060,000	372,450	3,581,340
2011	1,659,143	402,673	1,100,000	330,050	3,491,866
2012	1,262,360	332,563	1,145,000	286,050	3,025,973
2013	1,049,645	274,364	1,170,000	240,250	2,734,259
2014	869,962	225,115	255,000	193,450	1,543,527
2015-2019	3,403,178	470,717	1,440,000	649,550	5,963,445
2020-2027	<u>0</u>	<u>0</u>	<u>2,995,000</u>	<u>563,800</u>	<u>3,558,800</u>
	<u>\$9,919,693</u>	<u>\$2,178,917</u>	<u>\$9,165,000</u>	<u>\$2,635,600</u>	<u>\$23,899,210</u>

At December 31, 2009, the City has \$520,045 available in debt service funds to service the general obligation bonds. Additionally, there is \$3,859,679 in restricted assets of the Water and Sewer Utility Fund. These represent sinking funds and reserve requirements as contained in the various bond indentures.

#### General Obligation Bonds

The Local Capital Asset Lending Program (LOCAL) loan was dated December 1, 2002. The funds were received from the State Treasurer's Office for part of the financing required to change all of the City of Lynnwood's traffic lights to LEDs. The interest rate is 4.07851% over a ten-year period. The City pledged its non-voted debt capacity for this loan.

On June 15, 2004 the City received \$534,295 from the Washington State Treasurer's Office Local Option Capital Asset Lending Program (LOCAL). These funds were used to finance the second phase of the City's Energy Conservation Project that included lighting retrofit, HAVAC control upgrade and water conservation enhancements. The interest rate is 4.03673% over a period of ten years. The City pledged its non-voted debt capacity for this loan.

The Limited Tax General Obligation Refunding Bonds were issued August 1, 2001. Proceeds were used to advance refund \$1,270,000 of the City's outstanding limited Tax General Obligation Bonds, 1992, as well as to pay for administrative and issuance costs. The refunding realized a cash flow savings of \$94,292 and a net present value savings (gain) of \$78,717. Annual principal payments range from \$20,000 to \$160,000 with interest varying from 4.0% to 4.375% payable semi-annually.

The Limited Tax General Obligation Bonds were issued June 1, 1998, to provide funds with which to pay the cost of expanding the existing library and acquiring park land.

These bonds were refunded in 2009 by a Limited Tax General Obligation Bonds Series 2009A and 2009B.

The Limited Tax General Obligation Refunding Bonds were issued December 1, 1996, to provide part of the funds required to advance refund the City's outstanding Limited Tax General Obligation Bonds, 1980, most of the Limited Tax General Obligation Bonds, 1989, Golf and Recreation Facilities Revenue and Refunding Bonds, 1991, as well as to repay an interfund loan from the City's General fund and pay for the issuance and administrative costs associated with the refunding. These bonds were refunded in 2009 by a Limited Tax General Obligation Bonds Series 2009A and 2009B.

The Limited Tax General Obligation Refunding Bonds Series 2009A and 2009B were issued in April 2009 for the purchase of software, equipment for police vehicles and golf course equipment. Proceeds were also used to refund the City's outstanding Limited Tax General Obligation Refunding Bonds, 1996 and Limited Tax General Obligation Bonds, 1998. Annual principal payments range from \$290,000 to \$995,000 with interest varying from 3% to 4% payable semi-annually.

Snohomish County issued bonds on October 20, 1999 to fund an 800 Megahertz Emergency Radio System for South Snohomish County. The issue was for \$27,125,000 of limited tax general obligation bonds for multiple purposes, including funding participation by the City of Lynnwood. The bonds are amortized over 20 years with interest payable semi-annually.

Snohomish County refunded these bonds in 2005. The City of Lynnwood is reporting their obligation to pay on these bonds as general obligation bonds.

### BANS

The City issued Limited Tax General Obligation Bond Anticipation Notes in 2008 for the principal amount of not to exceed \$25,480,000. The purpose is to provide temporary funding for renovating, improving and expanding the City's Recreation Center. The City may make periodic draws under the line of credit, and the Bank must honor those draws by advancing money to the City. The Note and the line of credit mature on December 1, 2011. The interest rate is variable at 82% of the Bank's prime rate. As of December 31, 2009, \$1,913,257 has been drawn by the City.

### Revenue Bonds

The 2008 Utility System Improvement and Refunding Bonds were issued on March 24, 2008. Proceeds were used to advance refund all of the City's outstanding Water and Sewer Revenue and Refunding Bonds, 1996, part of the cost of carrying out a portion of the plan of additions as well as to pay for administrative and issuance costs. Annual principal payments range from \$255,000 to \$1,170,000 with interest varying from 2.52% to 5.0% payable semi-annually. Revenue is provided by the City's Waterworks Utility

Fund by adjusting rates for water and sewer services. These bonds carry a Standard and Poor's rating of AA.

#### Other Long-Term Debt

A Public Works Trust Fund loan was issued in 1990 at 1% payable over 20 years. This loan was for improvement of the sewer pump stations. The City had received 100% of the authorized amount as of December 31, 1995. This loan was paid off in 2009.

#### B. ADVANCE REFUNDED BONDS

In prior years, the City has defeased various general obligation and revenue bond issues through the sale of refunding bonds. When refunding bonds are issued, proceeds are placed in an irrevocable trust account to provide assured cash flow sufficient to pay all principal and interest on the refunded issue as these amounts come due. Accordingly, related assets, liabilities, and debt service payments are not reflected on the City's financial statements. As of December 31, 2009, all refunded bonds outstanding have been removed from the City's books.

#### C. DEBT LIMIT CAPABILITIES

The City's limitation on bond issues is by State law calculated using a formula based on a percentage of assessed valuation (AV) of taxable property. The three specific debt capacities defined, their assessed value limitation and their remaining capacities at December 31, 2009, are as follows:

<u>Purpose</u>	<u>% of AV</u>	<u>Remaining Capacity</u>	<u>Notes</u>
General Government	2-1/2%	\$128,507,313	(\$74,305,503 is Councilmanic)
Park and Open Space	2-1/2%	\$135,504,524	
Utility	2-1/2%	\$135,504,524	

#### Bond Ratings

At December 31, 2008, the City held the following bond ratings:

<u>Bond Type</u>	<u>Standard &amp; Poors</u>
General Obligation	AA-
Revenue - Utility	AA

#### **NOTE 9 - PENSION PLANS**

Substantially all full-time and qualifying part-time City employees participate in one of the following statewide local government retirement systems administered by the

Department of Retirement Systems under two major cost-sharing multiple-employer public employee retirement systems.

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  
PO Box 48380  
Olympia, WA. 98504-8380

The following disclosures are made pursuant to GASB Statement 27, Accounting for Pensions by State and Local Government Employers.

**A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

The state legislature established PERS in 1947 under Chapter 41.40 RCW. PERS is a cost-sharing multiple-employer defined benefit pension system. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertified employees of school districts; and employees of local governments.

PERS contains 3 plans. Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Participants who joined the system by September 30, 1977, are Plan 1 members. Those joining on or after October 1, 1977 and by August 31, 2002 are enrolled in Plan 2 unless they exercise an option to transfer their membership to Plan 3. Those joining the system on or after September 1, 2002 have the 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. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of 5 years of eligible service.

Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with at least 5 years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the final average salary per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching age 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 members may retire at the age of 65 with at least 5 years of service, or at 55 with 20 years of service, with an allowance of 2 percent per year of service of the final average salary. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to 65 are actuarially reduced. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually.

Plan 3 has dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to but not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Nonvested	<u>56,456</u>
Total	262,057

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. 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 continue to fully fund the Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available

ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements were established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The City's contribution rates expressed as a percentage of covered payroll, for the year ending December 31, 2009 were:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer	5.31%*	5.31%*	5.31%**
Employee	6.00%	3.90%	***

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

\*\*Plan 3 defined benefit portion only.

\*\*\*Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2009	\$45,931	\$973,442	\$126,167
2008	\$46,642	\$915,284	\$121,254
2007	\$34,732	\$672,264	\$78,172

#### B. LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF)

LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed by employee and employer contributions, investment earnings and state contributions. LEOFF is comprised primarily of non-state employees.

LEOFF system contains 2 plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined thereafter are enrolled in Plan 2. Retirement benefits for both plans are vested after completion of 5 years of eligible service.

Plan 1 participants are eligible to retire with 5 years of service at age 50. The benefit per year of service is as follows, with a cost-of-living allowance granted, capped at 3 percent annually:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20 or more	2.0%
10 to 20	1.5%
5 to 10	1.0%

The final average salary 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. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted.

Plan 2 participants are eligible to retire at the age of 50 with 20 years of service or at 55 with 5 years of service. Retirement benefits prior to age 55 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest consecutive 5-year period. There is no cap on years of service credit and a cost-of-living allowance is granted, with a cap of 3 percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to but not yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Nonvested	<u>3,927</u>
Total	26,965

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates for Plan 1 are set by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the director of the Department of Retirement systems. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 1 in accordance with the requirements of the Pension Funding Council. 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 methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The City's contribution rates expressed as a percentage of covered payroll, as of December 31, 2009 were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
Employer	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%.

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

<u>Year</u>	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2009	\$174	\$650,013
2008	\$290	\$590,844
2007	\$277	\$515,400

#### C. PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

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

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

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

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

Plan 2 retirement benefits are vested after an employee completes five years of eligible service and attains the age of 65. 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 per year of service. The average final compensation 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 retirees 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 (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

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

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Nonvested	<u>3,981</u>
Total	3,982

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

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

Employer*	7.85%
Employee	6.55%

\* The employer rate includes an employer administrative expense fee of 0.16%

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

2009	\$35,845
2008	\$24,741
2007	\$15,598

#### D. FIREMEN'S PENSION FUND (FPF)

The City is the administrator of the Firemen's Pension System, which is shown as a pension trust fund in the City's financial statements. The Firemen's Pension System is a single-employer closed pension system that was established in conformance with Revised Code of Washington (RCW) Chapter 41.18. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's liability under the Firemen's Pension System consists of all benefits, including payments to beneficiaries, for firemen retired prior to March 1, 1970, and excess benefits over amounts provided by LEOFF for covered fire fighters retired after March 1, 1970. Under the Firemen's Pension System, eligible fire fighters may retire at age 50 with 25 years of service. Death and disability benefits are also provided, as established under the governing State law. Individuals who terminate employment prior to retirement may withdraw their contributions to the plan plus accumulated interest, but by doing so, forfeit their rights to future pension benefits. No separate financial report is issued for the plan. Accordingly, the required supplemental information is included in this note.

As of December 31, 2009, there were a total of 5 individuals covered by this system. Four of the 5 retirees are drawing excess pension benefits under the system over the amount of full benefit provided through LEOFF.

The City reports under GASB Statement 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. The Firemen's Pension Fund is presented in the Statement of Fiduciary Net Plan Assets, and The Statement of Changes in Fiduciary Net Plan Assets. The Statement of Cash Flows is no longer required under GASB 25 and is not presented. The required supplementary information has been prepared using the best available information.

The most recent actuarial study of the Firemen's Pension System was done by Milliman USA. to determine future funding requirements as of January 1, 2010. This cost was funded out of the Firemen's Pension Fund.

Significant actuarial assumptions used in making these projections include: a) projected annual salary increases of 3.5% including inflation; b) projected investment earnings of 4.0%; c) no growth in membership; d) projected post-retirement benefit increases related to salaries of 3.5% and benefit increases related to annual increases in the Consumer Price Index of 2.5%; e) a 2.5% projected annual growth in fire insurance premium tax revenues received by the fund; f) amortization period of 30 years, and g) the mortality and turnover assumptions were based on the 1995-2000 Experience Study for the Law Enforcement Officers' and Firefighters' Retirement System prepared by the Office of the State Actuary.

The financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

The annual pension cost was computed using the Entry Age Cost Normal Method. 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 Liability (UAL) is the Actuarial Liability minus the actuarial value of the Fund's assets. The Unfunded Actuarial Accrued Liabilities (UAAL) is amortized as a level dollar amount over a closed 30-year period beginning January 1, 1999.

## CONTRIBUTIONS

The City's obligations under the Firemen's Pension Fund are limited to the benefits provided to firefighters retired prior to March 1, 1970, plus payments of excess retirement benefits to active members as of that date. In order to meet these obligations, the City may contribute annually to the Fund the amount raised by levying all or part of a tax of up to \$0.45 per \$1,000 of true and fair market value of assessed property, the maximum provided by law for maintaining the Fund.

On the basis of the actuarial assumptions used in this valuation, it was estimated that the current assets of the Fund, along with future revenues from state fire insurance premiums and investment earnings, will be sufficient to pay all future FPF pension benefits. The State fire insurance premiums, and the interest earned on investments are received into the General Fund and allocated into the Firemen's Pensions Fund. Accordingly, the Actuary recommended that the City make no additional contributions to the Fund until the next actuarial valuation is performed.

## ANNUAL PENSION COST AND NET PENSION OBLIGATION

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual required contribution (ARC)			
Annual Normal Cost – Beginning of Year	\$0	\$0	\$0
Amortization of UAAL – Beginning of Year	38,216	38,216	47,574
Interest to End of Year	<u>1,911</u>	<u>1,911</u>	<u>1,903</u>
ARC at End of Year (not less than 0)	40,127	40,127	49,477

Interest on Net Pension Obligation (NPO)	(3,788)	(1,092)	483
Adjustment to ARC	<u>(5,627)</u>	<u>(1,669)</u>	<u>884</u>
Annual Pension Cost (APC)	41,966	40,704	49,076
Employer Contributions**	11,945	6,787	10,000
Change in NPO	<u>53,911</u>	<u>33,917</u>	<u>39,076</u>
NPO at Beginning of Year	<u>(75,754)</u>	<u>(21,843)</u>	<u>12,074</u>
NPO at End of Year	<u>\$(21,843)</u>	<u>\$12,074</u>	<u>\$51,150</u>

\*\*Employer contributions for pensions are total contributions to the Fund net of disbursements from Fund for medical expenses under RCW 41.26.150 and administrative expenses.

The following historical trend information shows the system's progress in accumulating sufficient assets to pay benefits when due:

The Schedule of Funding Progress is included in the Required Supplementary Information section at the end of the Notes to the Financial Statements.

**EMPLOYER CONTRIBUTIONS**  
**Annual Required Contributions**

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Fire Insurance Premiums</u>	<u>Employer Contributions</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
2005	(29,094)	36,202	7,108	(4,426)	N/A
2006	(35,219)	40,763	5,544	16,267	34
2007	(37,730)	41,728	3,998	16,267	25
2008	(56,172)	44,227	(11,945)	40,127	(30)
2009	(37,772)	44,559	6,787	40,127	17
2010	(35,000)	45,000	10,000	49,477	20

**SCHEDULE OF FUNDING PROGRESS**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As A Percentage of Covered Payroll</u>
1/1/98	\$785	\$883	\$98	89%	113	87%
1/1/00	888	888	0	100	0	N/A
1/1/02	998	671	(327)	149	0	N/A
1/1/04	1,008	954	(54)	106	0	N/A
1/1/06	983	1,193	210	82	0	N/A

1/1/08	985	1,500	515	66	0	N/A
1/1/10	922	1,572	650	59	0	N/A

## THREE-YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution as Percentage of APC</u>	<u>Net Pension Obligation</u>
12/31/2008	41,966	(28)%	(21,843)
12/31/2009	40,704	17	12,074
12/31/2010	49,076	20	51,150

## E. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. This plan is administered by the ICMA Retirement Corporation.

GASB Statement No.2, Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457, established reporting requirements for IRC Section 457 plans. Based on the laws in effect at the time of its passage the Statement required that all amounts deferred by the plan participants be reported as assets of the employer until made available to the participants or their beneficiaries. The laws governing these plans were changed to state that, as of August 20, 1996, new plans will not be considered eligible plans "unless all assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries." Existing plans also are required to comply with this requirement by January 1, 1999. The City elected to follow GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, starting in the reporting year 1997. The City does not report the 457 plan in its financial statements since it no longer has any vested interest, and the fund is administered by a third party.

The plan is valued at the fair market value of the deferred account for each participant. The fair market value of plan assets applicable to the City's employees at December 31, 2009, was \$17,847,458 and \$13,906,095 for the year 2008.

**NOTE 10 - PRIOR YEAR RESTATEMENTS AND CHANGES IN ACCOUNTING ESTIMATES**

There were no prior restatements or changes in accounting estimates in 2009.

**NOTE 11 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City of Lynnwood budgets on a cash basis as required by State law. Though specific line items of expenditures within a fund's appropriations may be exceeded, that fund's total appropriation cannot be legally exceeded. It should be noted, however, that the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund, and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds due to format, could be misinterpreted and lead one to believe that budgeted expenditures have been exceeded. The City budgets not only expenditures but also "Other Financing Uses" and the "Ending Fund Balance" so as to maintain a budget balance between receipts and disbursements. By increasing expenditure appropriations by the budget values for these items, a City fund would not exceed its appropriations. In 2009, the City of Lynnwood began a new biennial budget period. The 2009 calendar year had one operating budget deficit in the Revenue Stabilization Fund due to a late need to transfer \$2,000,000 into the General Fund.

**NOTE 12 - DEFICITS IN FUND EQUITY**

Solid Waste Management had a deficit of \$17,272 due to an interfund loan. Transit Support Projects had a deficit of \$5,076 due to final retainage payable on the project. There were deficits in Olympic View Drive of \$282,607, Traffic Signals of \$168,783, Roadway Surfacing of \$90,633, Sidewalks & Pedestrian Improvements of \$121,845, 204<sup>th</sup> LID 2009-1 of \$267,458 all due to an interfund loan. The \$916,203 in Traffic Operations Center was due to temporary financing done through interfund loans because of the timing of Grant billing. The Community Center fund is being financed by BANS and will show a deficit until Bonds are sold. The General Fund showed a deficit of \$115,733 due to an interfund loan made because of a major drop in sales tax revenue.

**NOTE 13 - PRIOR PERIOD ADJUSTMENTS**

There were prior year adjustments to the beginning fund balance in the 2009 reporting year. The General Fund adjusted for an overpayment from the Criminal Justice Fund of \$750,000, and made an adjustment for investment consolidation of \$131,610 that was used in 2008. The Equipment Rental Fund had an adjustment for \$9,087 due capital asset detail reconciliation. The Criminal Justice Fund shows the reciprocal amount of \$750,000 paid back from the General Fund. There was also spreadsheet adjustment of \$165,932.

**NOTE 14 - SUBSEQUENT EVENTS**

The City issued Limited Tax General Obligation Bonds, Series A and Refunding Series B. The Series A Bond proceeds will be used to pay the cost of purchasing and installing computer software, equipment for police vehicles and golf course equipment. The

Series B Bond proceeds will be used to pay the cost of refunding the City's outstanding Limited Tax General Obligation Refunding Bonds, 1996 and Limited Tax General Obligation Bonds, 1998. A portion of the proceeds from the Series A and Series B Bonds will be used to pay the cost of issuing the Bonds.

#### **NOTE 15 - LITIGATION**

The City of Lynnwood has a number of existing claims pending that the City attorney has reviewed and analyzed. It is estimated that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

#### **NOTE 16 - JOINT FACILITY OPERATIONS**

The City of Lynnwood and the neighboring City of Mountlake Terrace entered into an agreement for the construction and maintenance of a joint Public Works shop complex in 1983. Also included is the Southwest Snohomish County Public Safety Communications Agency (SNOCOM) as part of the agreement. The complex was completed in 1985 and became operational in August.

The property and the building are located in the City of Mountlake Terrace. The Southwest Snohomish County Public Safety Communications Agency is the 911 emergency dispatch operations for five incorporated cities and the unincorporated area serviced by the fire district. After the completion of the joint Public Works shop complex, a cost evaluation and allocation was made and the ownership is as follows: the City of Lynnwood - 52%, City of Mountlake Terrace - 38%, and the SNOCOM operation - 10%. Also, since the complex is located in the City of Mountlake Terrace, they are responsible for the building maintenance and operation program and submit invoices to the other two agencies on a monthly basis for their share of the activity.

The City of Lynnwood, the City of Edmonds, Snohomish County and Edmonds School District No. 15 entered into an agreement to develop Meadowdale Playfields and Recreation Complex. The Edmonds School District provided a 25-acre site adjacent to Meadowdale Elementary, Meadowdale Middle School and Meadowdale High School.

The City of Lynnwood was responsible for the construction and maintenance of the complex and bills 50% of the associated costs to the City of Edmonds on a quarterly basis. The ownership, based on total costs is as follows:

Edmonds School District No. 15 - land	\$1,000,000	33%
Snohomish County - construction contribution	150,000	5%
City of Lynnwood - construction cost	940,000	31%
City of Edmonds - construction cost	940,000	31%

The City of Lynnwood, City of Edmonds, City of Marysville, City of Mill Creek, City of Mountlake Terrace, City of Woodway, Fire District 111, SNOCOM, and Snohomish

County entered into an agreement to provide an 800 MHZ emergency radio system that will provide a significantly improved level of communications capability when compared to existing radio systems. The County is the lead agency and construction manager, while the responsibility of the other agencies is that of a contributor. The City of Lynnwood's share of this project is 13.66%.

#### **NOTE 17 - CASH FLOW STATEMENTS**

Noncash investing, capital, and financing activities: In 2008, the City had the following:

Vehicle trade-ins	\$78,333
Gain or loss on property disposition	27,800
Capital asset contributions from developers	95,647

Disclosure of accounting policy: For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents includes the following balance sheet items:

Cash and Equivalents	\$1,319,675
Customer Deposits	59,291
Revenue Bond Current Debt Service	1,760,134
Revenue Bond Future Debt Service Reserve	<u>2,040,254</u>
Total	5,179,354

#### **NOTE 18 - OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 9, the City provides post retirement health care benefits, in accordance with State statutes, to all LEOFF I retirees. Currently, 51 members meet those eligibility requirements (49 retired & 2 active). The City provides medical and vision insurance and reimburses for all Board approved claims for medical, vision, and hospitalization costs incurred by retirees. The City has chosen to adopt the reporting standards for GASB 45 for Postemployment Benefit Plans Other than Pension Plans, or OPEB. The last actuarial valuation done was

For GASB purposes, the Entry Age Normal Cost Method, one of the acceptable actuarial funding methods, was used for disclosure purposes. 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 Accrued Liability (AAL). Since nearly all members have already retired, the amount of the annual Normal Cost is relatively small. The Unfunded Actuarial Liability (UAL) is the Actuarial Liability minus the actuarial value of the Fund's assets. In the case of a plan with no assets, the UAAL is simply equal to the AAL.

The actuarial assumptions used included a 5.0% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance payment of benefits. A medical inflation rate of 9.5% and a long term care inflation rate of 5.0% was used. The Unfunded Actuarial Accrued Liabilities (UAAL) is amortized as a level dollar amount over a closed 30-year period beginning January 1, 2008. The net OPEB obligation of \$1,223,108 is included as a noncurrent liability on the Statement of Net Assets.

#### ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual required contribution (ARC)			
Annual Normal Cost – Beginning of Year	\$33,083	\$33,083	\$33,083
Amortization of UAAL – Beginning of Year	1,117,271	1,117,271	1,117,271
Interest to End of Year	<u>57,518</u>	<u>57,518</u>	<u>57,518</u>
ARC at End of Year (not less than 0)*	1,207,872	1,207,872	1,207,872
Interest on Net OPEB Obligation (NPO)	0	0	0
Adjustment to ARC	<u>0</u>	<u>0</u>	<u>0</u>
Annual OPEB Cost (APC)	1,207,872	1,207,872	1,207,872
Employer Contributions**	783,008	811,081	806,419
Change in Net OPEB Obligation	<u>424,864</u>	<u>396,791</u>	<u>401,453</u>
NPO at Beginning of Year	<u>0</u>	<u>424,864</u>	<u>821,655</u>
NPO at End of Year	\$424,864	821,655	1,223,108

\* The assumed interest rate, is 5.0% in 2008.

#### ANNUAL OPEB COSTS

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$1,207,872	64.8%*	\$424,864
12/31/2008	1,207,872	32.0%	821,655
12/31/2009	1,207,872	(1.3)%	1,223,108

## RETIREE MEDICAL AND LONG-TERM CARE VALUATION

<u>Valuation Date</u>	<u>12/31/2007</u>
Total present value of expected medical And dental benefits (excluding long-term care)	\$15,120,000
Total present value of expected long-term Care benefits	<u>3,007,000</u>
Total Benefits	\$18,127,000

## PROJECTION OF FUTURE EXCESS PENSION, MEDICAL AND LONG-TERM CARE BENEFITS

The following table illustrates the projected excess annual pension payments for currently active and retired members eligible for retirement benefits under FPF. Also shown are the projected annual benefit payments for those active and retired members eligible for medical and long-term care coverage.

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<u>Year</u>	<u>Pension</u>	<u>Medical</u>	<u>Long-term Care</u>	<u>Grand Total</u>
2010	67,000	794,000	117,000	978,000
2011	71,000	846,000	116,000	1,033,000
2012	75,000	874,000	118,000	1,067,000
2013	79,000	909,000	121,000	1,109,000
2014	83,000	952,000	125,000	1,160,000
2015	87,000	979,000	129,000	1,195,000
2016	91,000	1,002,000	134,000	1,227,000
2017	95,000	1,022,000	139,000	1,256,000
2018	98,000	1,034,000	145,000	1,277,000
2019	102,000	1,047,000	151,000	1,300,000
2020	105,000	1,058,000	156,000	1,319,000
2021	108,000	1,070,000	163,000	1,341,000
2022	110,000	1,078,000	171,000	1,359,000
2023	112,000	1,083,000	178,000	1,373,000
2024	114,000	1,082,000	187,000	1,383,000
2025	115,000	1,077,000	196,000	1,388,000
2026	115,000	1,067,000	205,000	1,387,000
2027	115,000	1,050,000	215,000	1,380,000

**REQUIRED SUPPLEMENTARY INFORMATION**  
**FIREMEN'S PENSION PLAN**  
**SCHEDULE OF FUNDING PROGRESS**  
 (rounded to thousands)

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/98	\$785	\$883	89%	98	113	87%
1/1/00	888	888	100	0	0	N/A
1/1/02	998	671	149	(327)	0	N/A
1/1/04	1,008	954	106	(54)	0	N/A
1/1/06	983	1,193	82	210	0	N/A
1/1/08	985	1,500	66	515	0	N/A
1/1/10	922	1,572	59	650	0	N/A

GASB Statements No. 25 and 27 now require only biennial valuations with no updates between valuations

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**LEOFF 1 RETIREE MEDICAL BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**  
(rounded to thousands)

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>
1/1/08	0	18,034	0 %	18,034

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

These are special revenue funds to account for the proceeds of special revenue sources (other than special assessments) or to finance specified activities as required by law or administrative regulations.

Stadium/Convention Center Fund This fund was created by Ordinance No. 972 to accumulate the 2% transient hotel/motel excise tax. This reserve can be used to pay for all or part of the cost of acquisition, construction, or operation of stadium and/or convention center facilities or to pay or secure the payment of all or a portion of G.O. or Revenue Bonds should they be issued. Other allowable costs to this fund are advertising and promotional materials for an annual family oriented community-wide event and the purchase and sponsorship of a promotional float.

Drug Enforcement Fund was established to accumulate drug seizure money that will be used to pay for 1/3 of the drug task force sergeant. Mountlake Terrace and Edmonds will contribute the other 2/3 of his salary.

Criminal Justice Fund all of the monies made available to local governments through this legislation are limited to funding of criminal justice purposes. Criminal justice purposes can be defined as activities relating to the enforcement and administration of the criminal law. "Monies distributed under this section shall be expended exclusively for criminal justice purposes and shall not be used to replace or supplant existing funding."

Street Fund accounts for the administration of the street department and the cost of construction and maintenance of City streets, traffic control devices, and sidewalks. Its revenues include property tax; state shared motor vehicle fuel tax, sales tax, investment income, and charges for services to others.

Arterial Street Fund to account for construction of arterial streets. Its revenues include grants, state shared motor vehicle fuel tax, and investment income. Its expenditures include construction costs.

Cumulative Park Reserve and Development Fund to accumulate money for the purpose of acquisition of park properties and development of parks for the City of Lynnwood. Its revenue is from gifts or contributions together with whatever sums may be transferred from other City funds or may be levied for such purpose from time to time.

Cumulative Art Reserve Fund to accumulate money for acquisitions of objects of art for the City of Lynnwood. Its revenue is from gifts or contributions together with funds transferred as authorized by the City Council (created by Ordinance No. 675, dated 1972).

Cumulative Reserve Aid Car Fund to accumulate monies contributed by citizens and organizations for the replacement, acquisition, and improvement of Lynnwood's Aid Car service. Expenditures are for the purchase of aid cars and aid car supplies.

EMS Property Tax Fund this fund receives the Emergency Medical Services Levy and distributes it to the General Fund.

Tree Fund Reserve was established to regulate the removal of trees and their replacement and protection within the City. Revenue is provided by fees, fines and donations.

Paths & Trails was established per Chapter 47.30 RCW to use a portion of the motor vehicle fuel tax funds to establish and maintain paths and trails for pedestrians, equestrians or bicyclists as part of streets, roads and highways.

Solid Waste Management Fund was established in 1989 to administer and coordinate curbside recycling with the City waste haulers and to design and implement other waste reduction and recycling activities in the City. This was mandated by ESHB 1167 for all local governments.

Revenue Stabilization Fund this fund was established to accumulate money to cover periods of revenue shortages in the General Fund, and for expenditures deemed necessary by the City Council.

Program Development Fund this fund was established to accumulate special appropriations and monies from the General Fund that may be used for program development, enhancement or expansion projects, and for matching funds for grants and interlocal agreements.

## **DEBT SERVICE FUNDS**

The Debt Service Fund series is to account for the payment of principal and interest on general long-term debt, as well as special assessment funds to account for the assessment levied to finance public improvements or services deemed to benefit the properties against which assessments are levied.

2001 LTGO Refunding Bond Fund proceeds were used to advance refund \$1,270,000 of the City's outstanding limited Tax General Obligation Bonds, 1992, as well as to pay for administrative and issuance costs. Revenues come from the General Fund

1996 LTGO Refunding Bond Fund was authorized by Ordinance 2113 to advance refund the 1980 Non-Voted G.O. Bonds, the 1991 Golf and Recreational Facilities Revenue and Refunding Bonds, and partially refund the 1989 G.O. Golf Course Bonds. Revenues come from the Golf Course, the Recreation Center and excise taxes. These bonds were refunded by the 2009 LTGO Refunding Bonds.

1998 G.O. Library Bond Fund was set up to remodel and add-on to the Civic Center library building, and to acquire park property. Revenues come from the General Fund. These bonds were refunded by the 2009 LTGO Refunding Bonds.

2009 LTGO Refunding Bond Fund was authorized by Ordinance 2780 to advance refund the 1996 LTGO Refunding Bonds, the 1998 GO Library Bonds and various computer, police vehicles and golf course equipment.

800 MHZ Interlocal Note was set up to service the principal and interest due on the long term debt for the City's portion of the Snohomish County Emergency Radio System Interlocal Agreement.

State LOCAL Loan is set up through the State Treasurer's Local Option Capital Lending Program (LOCAL). This loan is for acquisition of equipment for the Energy Conservation Project, and is to be financed over a ten-year period.

Energy Conservation to finance the second phase of the City's Energy Conservation Project that included lighting retrofit, HAVAC control upgrade and water conservation enhancements.

Local Improvement District Guaranty Fund is for the purpose of guaranteeing to the extent of the fund the payments of its Local Improvement Bonds and warrants issued to pay for Local Improvements ordered subsequent to July 13, 1961 as created by Ordinance No. 85.

Local Improvement District 97-1 Fund is to account for the debt service on sanitary sewer improvements for 65<sup>th</sup> Place West and 65<sup>th</sup> Avenue West corridor.

## **CAPITAL PROJECT FUNDS**

The Capital Project Fund series is used to dedicate revenues and to account for the acquisition and construction of capital facilities other than those financed by the proprietary funds.

SIP/CFP Project Fund was established to handle various smaller projects as approved in the City's SIP and CFP documents.

Olympic View Drive the purpose of this project is to improve the safety of a two-lane roadway with numerous steep drop embankments and open drainage ditches. It will benefit pedestrians, bicyclists, and transit usage.

Traffic Signals fund was established to account for signal construction projects throughout the City of Lynnwood.

Roadway Surfacing The purpose of this fund is on-going pavement management.

Sidewalks/Pedestrian Improvements This fund was established to account for the design and construction of sidewalks, curb ramps, and walkways at various locations within the City.

196<sup>th</sup> Improvements was set up in the City's Transportation Improvement Program for the improvement of 196<sup>th</sup> Street from 48<sup>th</sup> Avenue West to 37<sup>th</sup> Avenue West.

36<sup>th</sup>/35<sup>th</sup> Avenue West Improvements This project includes the design and enhancements to the roadway to accommodate the increase in traffic.

204<sup>th</sup> LID 2009-1 was set up for improvements on 204<sup>th</sup> Street SW from 68<sup>th</sup> Avenue to SR 99 for road, storm drain, pedestrian and bicycle safety features.

Interurban Overpass/44th This project will complete the missing link on the Interurban Trail through the City of Lynnwood.

I-5/196th Pedestrian Bridge will provide necessary and safe pedestrian crossing of I-5 in the vicinity of 196<sup>th</sup> Street SW Interchange improvements warrant that a new pedestrian bridge be built. This bridge will tie into the interurban trail and provide a safe link from the intersection of 196<sup>th</sup> and 37<sup>th</sup> to 196<sup>th</sup> and Poplar Way.

Park Acquisition and Development fund accounts for the construction of parks and recreation areas. Its revenue includes Council contributions, property taxes, and federal and state grants.

I-5 City Center Exit will construct an off-ramp from I-5 southbound to the intersection of Alderwood Mall Blvd and Alderwood Mall Pkwy. It will provide direct access from the north to the heart of the Lynnwood Convention Center, and the expanded regional transit center.

Traffic Operations Center A new signal control center will be constructed at the Lynnwood Civic Center. It will include monitoring equipment which will be used to improve regional traffic flow.

Real Estate Excise Tax #2 fund accounts for taxes collected ( $\frac{1}{4}$  of 1%) on real estate sales that are designated for Public Works capital expenditures

Real Estate Excise Tax fund accounts for taxes collected ( $\frac{1}{4}$  of 1%) on real estate sales that are designated for capital expenditures.

Hardware/Software Upgrades This fund was set up to purchase and install a new City telephone system, purchase new computers and associated software.

Capital Development Plan fund is a reserve fund used to provide funding for necessary capital projects identified after the annual budget process. It is also a source of matching funds for new federal and state grants or new interlocal agreements.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	SPECIAL REVENUE FUNDS				
	STADIUM CONVENTION CENTER	DRUG ENFORCEMENT	CRIMINAL JUSTICE RESERVE	STREET	ARTERIAL STREET
<b>ASSETS</b>					
Cash and Equivalents	\$15,182	\$53,174	\$361,974	\$13,300	\$17,088
Investments	679,500	428,407	1,000,000	585,000	550,000
Receivables	0	6,084	43,878	19,728	0
<b>TOTAL ASSETS</b>	<u>\$694,682</u>	<u>\$487,665</u>	<u>\$1,405,852</u>	<u>\$618,028</u>	<u>\$567,088</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Accounts Payable	\$15,188	\$1,681	\$2,201	\$10,570	\$0
Interfund Loans Payable	0	0	0	0	0
Unearned Revenue	0	0	221,814	0	0
BANS Payable	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>15,188</u>	<u>1,681</u>	<u>224,015</u>	<u>10,570</u>	<u>0</u>
FUND BALANCES					
Reserve for Debt Service	0	0	0	0	0
Unreserved	679,494	485,984	1,181,837	607,458	567,088
<b>TOTAL FUND BALANCES</b>	<u>679,494</u>	<u>485,984</u>	<u>1,181,837</u>	<u>607,458</u>	<u>567,088</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$694,682</u>	<u>\$487,665</u>	<u>\$1,405,852</u>	<u>\$618,028</u>	<u>\$567,088</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	SPECIAL REVENUE FUNDS				
	CUMULATIVE PARK RESERVE & DEVELOPMENT	CUMULATIVE ART RESERVE	CUMULATIVE AID CAR RESERVE	EMS PROPERTY TAX	TREE FUND RESERVE
<b>ASSETS</b>					
Cash and Equivalents	\$13,019	\$16,938	\$8,226	\$13,099	\$2,257
Investments	75,000	25,000	35,000	175,000	120,000
Receivables	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$88,019</b>	<b>\$41,938</b>	<b>\$43,226</b>	<b>\$188,099</b>	<b>\$122,257</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$12,938	\$0	\$0	\$410
Interfund Loans Payable	0	0	0	0	0
Unearned Revenue	0	0	0	0	0
BANS Payable	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>12,938</b>	<b>0</b>	<b>0</b>	<b>410</b>
<b>FUND BALANCES</b>					
Reserve for Debt Service	0	0	0	0	0
Unreserved	88,019	29,000	43,226	188,099	121,847
<b>TOTAL FUND BALANCES</b>	<b>88,019</b>	<b>29,000</b>	<b>43,226</b>	<b>188,099</b>	<b>121,847</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$88,019</b>	<b>\$41,938</b>	<b>\$43,226</b>	<b>\$188,099</b>	<b>\$122,257</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	SPECIAL REVENUE FUNDS			TOTAL
	PATHS & TRAILS	SOLID WASTE MANAGEMENT	PROGRAM DEVELOPMENT FUND	
<b>ASSETS</b>				
Cash and Equivalents	\$8,487	\$701	\$10,497	\$533,942
Investments	40,000	0	1,275,000	\$4,987,907
Receivables	0	11,201	0	\$80,891
<b>TOTAL ASSETS</b>	<b>\$48,487</b>	<b>\$11,902</b>	<b>\$1,285,497</b>	<b>\$5,602,740</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$174	\$3,722	\$46,884
Interfund Loans Payable	0	29,000	0	\$29,000
Unearned Revenue	0	0	0	\$221,814
BANS Payable	0	0	0	\$0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>29,174</b>	<b>3,722</b>	<b>\$297,698</b>
<b>FUND BALANCES</b>				
Reserve for Debt Service	0	0	0	\$0
Unreserved	48,487	(17,272)	1,281,775	\$5,305,042
<b>TOTAL FUND BALANCES</b>	<b>48,487</b>	<b>(17,272)</b>	<b>1,281,775</b>	<b>\$5,305,042</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$48,487</b>	<b>\$11,902</b>	<b>\$1,285,497</b>	<b>\$5,602,740</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	DEBT SERVICE FUNDS			
	2001 LTGO REFUNDING BONDS	2009 LTGO REFUNDING BONDS	800 MHZ INTERLOCAL NOTE	STATE LOCAL LOAN
<b>ASSETS</b>				
Cash and Equivalents	\$1,926	\$5,220	\$534	\$3,859
Investments	27,000	450,000	15,000	0
Receivables	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$28,926</b>	<b>\$455,220</b>	<b>\$15,534</b>	<b>\$3,859</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$607	\$0	\$0
Interfund Loans Payable	0	0	0	0
Unearned Revenue	0	0	0	0
BANS Payable	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>607</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES</b>				
Reserve for Debt Service	28,926	454,613	15,534	3,859
Unreserved	0	0	0	0
<b>TOTAL FUND BALANCES</b>	<b>28,926</b>	<b>454,613</b>	<b>15,534</b>	<b>3,859</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$28,926</b>	<b>\$455,220</b>	<b>\$15,534</b>	<b>\$3,859</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	DEBT SERVICE FUNDS			
	ENERGY CONSERVATION	LID GUARANTY	LID 97-1	TOTAL
<b>ASSETS</b>				
Cash and Equivalents	\$113	\$2,864	\$1,043	\$15,559
Investments	17,000	495,000	50,000	1,054,000
Receivables	0	0	2,315	2,315
<b>TOTAL ASSETS</b>	<u>\$17,113</u>	<u>\$497,864</u>	<u>\$53,358</u>	<u>\$1,071,874</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$607
Interfund Loans Payable	0	0	0	0
Unearned Revenue	0	0	0	0
BANS Payable	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>607</u>
<b>FUND BALANCES</b>				
Reserve for Debt Service	17,113	497,864	53,358	1,071,267
Unreserved	0	0	0	0
<b>TOTAL FUND BALANCES</b>	<u>17,113</u>	<u>497,864</u>	<u>53,358</u>	<u>1,071,267</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$17,113</u>	<u>\$497,864</u>	<u>\$53,358</u>	<u>\$1,071,874</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	CAPITAL PROJECT FUNDS				
	TRANSIT SUPPORT PROJECTS	OLYMPIC VIEW DRIVE	TRAFFIC SIGNALS	ROADWAY SURFACING	SIDEWALKS PEDESTRIAN IMPROVEMENTS
<b>ASSETS</b>					
Cash and Equivalents	\$0	\$522	\$217	\$100	\$159
Investments	0	0	0	0	0
Receivables	0	225,000	0	0	0
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$225,522</b>	<b>\$217</b>	<b>\$100</b>	<b>\$159</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$5,076	\$9,129	\$0	\$23,233	\$32,604
Interfund Loans Payable	0	499,000	169,000	67,500	89,400
Unearned Revenue	0	0	0	0	0
BANS Payable	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>5,076</b>	<b>508,129</b>	<b>169,000</b>	<b>90,733</b>	<b>122,004</b>
<b>FUND BALANCES</b>					
Reserve for Debt Service	0	0	0	0	0
Unreserved	(5,076)	(282,607)	(168,783)	(90,633)	(121,845)
<b>TOTAL FUND BALANCES</b>	<b>(5,076)</b>	<b>(282,607)</b>	<b>(168,783)</b>	<b>(90,633)</b>	<b>(121,845)</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$0</b>	<b>\$225,522</b>	<b>\$217</b>	<b>\$100</b>	<b>\$159</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	CAPITAL PROJECT FUNDS				
	196th IMPROVEMENTS 48th-37th	36th/35th AVE WEST	204th LID 2009-1	INTERURBAN OVERPASS 44th	I-5/196th PEDESTRIAN BRIDGE
<b>ASSETS</b>					
Cash and Equivalents	\$183,793	\$2,741	\$142	\$174	\$12,366
Investments	0	80,000	0	189,000	1,800,000
Receivables	0	0	0	0	380,599
<b>TOTAL ASSETS</b>	<b>\$183,793</b>	<b>\$82,741</b>	<b>\$142</b>	<b>\$189,174</b>	<b>\$2,192,965</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$41,731
Interfund Loans Payable	0	0	267,600	0	0
Unearned Revenue	0	0	0	0	0
BANS Payable	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>267,600</b>	<b>0</b>	<b>41,731</b>
<b>FUND BALANCES</b>					
Reserve for Debt Service Unreserved	0 183,793	0 82,741	0 (267,458)	0 189,174	0 2,151,234
<b>TOTAL FUND BALANCES</b>	<b>183,793</b>	<b>82,741</b>	<b>(267,458)</b>	<b>189,174</b>	<b>2,151,234</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$183,793</b>	<b>\$82,741</b>	<b>\$142</b>	<b>\$189,174</b>	<b>\$2,192,965</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31,2009

	CAPITAL PROJECT FUNDS				
	PARK ACQUISTION & DEVELOPMENT	I-5 CITY CENTER EXIT	TRAFFIC OPERATIONS CENTER	REAL ESTATE EXCISE TAX # 2	REAL ESTATE EXCISE TAX
<b>ASSETS</b>					
Cash and Equivalents	\$1,877	\$1,116	\$4	\$1,481	\$58,926
Investments	535,500	132,000	0	818,000	0
Receivables	390	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$537,767</b>	<b>\$133,116</b>	<b>\$4</b>	<b>\$819,481</b>	<b>\$58,926</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$13,195	\$0	\$299,357	\$0	\$0
Interfund Loans Payable	0	0	616,850	0	0
Unearned Revenue	0	0	0	0	0
BANS Payable	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>13,195</b>	<b>0</b>	<b>916,207</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES</b>					
Reserve for Debt Service Unreserved	0 524,572	0 133,116	0 (916,203)	0 819,481	0 58,926
<b>TOTAL FUND BALANCES</b>	<b>524,572</b>	<b>133,116</b>	<b>(916,203)</b>	<b>819,481</b>	<b>58,926</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$537,767</b>	<b>\$133,116</b>	<b>\$4</b>	<b>\$819,481</b>	<b>\$58,926</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	CAPITAL PROJECT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HARDWARE SOFTWARE UPGRADE	CAPITAL DEVELOPMENT PLAN	TOTAL	
<b>ASSETS</b>				
Cash and Equivalents	\$3,177	\$10,793	\$277,588	\$827,089
Investments	195,000	2,600,000	6,349,500	12,391,407
Receivables	0	0	605,989	689,195
<b>TOTAL ASSETS</b>	<u>\$198,177</u>	<u>\$2,610,793</u>	<u>\$7,233,077</u>	<u>\$13,907,691</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$424,325	\$471,816
Interfund Loans Payable	0	0	1,709,350	1,738,350
Unearned Revenue	0	0	0	221,814
BANS Payable	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>2,133,675</u>	<u>2,431,980</u>
<b>FUND BALANCES</b>				
Reserve for Debt Service	0	0	0	1,071,267
Unreserved	198,177	2,610,793	5,099,402	10,404,444
<b>TOTAL FUND BALANCES</b>	<u>198,177</u>	<u>2,610,793</u>	<u>5,099,402</u>	<u>11,475,711</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$198,177</u>	<u>\$2,610,793</u>	<u>\$7,233,077</u>	<u>\$13,907,691</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	SPECIAL REVENUE FUNDS				
	STADIUM CONVENTION CENTER	DRUG ENFORCEMENT	CRIMINAL JUSTICE RESERVE	STREET	ARTERIAL STREET
<b>REVENUES</b>					
Taxes	\$454,125	\$0	\$461,661	\$922,161	\$0
Licenses	0	0	0	149,030	0
Intergovernmental Revenues	481,996	12,581	156,053	597,087	248,385
Charges for Services	10	0	26,355	0	0
Fines & Forfeits	0	68,865	0	0	0
Miscellaneous - Interest	13,451	7,445	9,913	7,363	7,578
Other	0	100	5,922	1,748	0
<b>TOTAL REVENUES</b>	<b>949,582</b>	<b>88,991</b>	<b>659,904</b>	<b>1,677,389</b>	<b>255,963</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	208,975	282,728	0	0
Transportation	0	0	0	1,717,172	0
Physical Environment	0	0	0	0	0
Culture and Recreation	1,008,825	0	0	0	0
Capital Outlay	0	0	40,598	6,896	0
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>1,008,825</b>	<b>208,975</b>	<b>323,326</b>	<b>1,724,068</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(59,243)</b>	<b>(119,984)</b>	<b>336,578</b>	<b>(46,679)</b>	<b>255,963</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	0	0	286,000	0
Transfers (Out)	(115,680)	0	(421,429)	0	0
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	22	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(115,658)</b>	<b>0</b>	<b>(421,429)</b>	<b>286,000</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>(174,901)</b>	<b>(119,984)</b>	<b>(84,851)</b>	<b>239,321</b>	<b>255,963</b>
Fund Balances, January 1	854,395	605,968	516,688	368,137	311,125
Prior Period Adjustments	0	0	750,000	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$679,494</b>	<b>\$485,984</b>	<b>\$1,181,837</b>	<b>\$607,458</b>	<b>\$567,088</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	SPECIAL REVENUE FUNDS				
	CUMULATIVE PARK RESERVE & DEVELOPMENT	CUMULATIVE ART RESERVE	CUMULATIVE AID CAR RESERVE	EMS PROPERTY TAX	TREE FUND RESERVE
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$2,371,287	\$0
Licenses	0	0	0	0	20,254
Intergovernmental Revenues	2,500	32,646	4,391	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	1,644	873	696	4,115	0
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>4,144</b>	<b>33,519</b>	<b>5,087</b>	<b>2,375,402</b>	<b>20,254</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Transportation	0	0	0	0	0
Physical Environment	0	0	0	0	15,807
Culture and Recreation	19,296	62,571	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>19,296</b>	<b>62,571</b>	<b>0</b>	<b>0</b>	<b>15,807</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(15,152)</b>	<b>(29,052)</b>	<b>5,087</b>	<b>2,375,402</b>	<b>4,447</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	11,790	0	0	0
Transfers (Out)	0	0	0	(2,371,287)	0
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>11,790</b>	<b>0</b>	<b>(2,371,287)</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>(15,152)</b>	<b>(17,262)</b>	<b>5,087</b>	<b>4,115</b>	<b>4,447</b>
Fund Balances, January 1	103,171	46,262	38,139	183,984	117,400
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$88,019</b>	<b>\$29,000</b>	<b>\$43,226</b>	<b>\$188,099</b>	<b>\$121,847</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	SPECIAL REVENUE FUNDS				TOTAL
	PATHS & TRAILS	SOLID WASTE MANAGEMENT	REVENUE STABILIZATION FUND	PROGRAM DEVELOPMENT FUND	
<b>REVENUES</b>					
Taxes	\$0	\$41,674	\$0	\$0	\$4,250,908
Licenses	0	0	0	0	169,284
Intergovernmental Revenues	0	17,606	0	0	1,553,245
Charges for Services	0	2,710	0	0	29,075
Fines & Forfeits	0	0	0	0	68,865
Miscellaneous - Interest	0	0	0	25,814	78,892
Other	0	898	0	0	8,668
<b>TOTAL REVENUES</b>	<b>0</b>	<b>62,888</b>	<b>0</b>	<b>25,814</b>	<b>6,158,937</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	68,608	68,608
Public Safety	0	0	0	7,887	499,590
Transportation	0	0	0	0	1,717,172
Physical Environment	0	92,560	0	165,716	274,083
Culture and Recreation	0	0	0	165,294	1,255,986
Capital Outlay	0	0	0	0	47,494
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>92,560</b>	<b>0</b>	<b>407,505</b>	<b>3,862,933</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>(29,672)</b>	<b>0</b>	<b>(381,691)</b>	<b>2,296,004</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	0	0	0	297,790
Transfers (Out)	0	0	(2,000,000)	(26,446)	(4,934,842)
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	22
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>(2,000,000)</b>	<b>(26,446)</b>	<b>(4,637,030)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>0</b>	<b>(29,672)</b>	<b>(2,000,000)</b>	<b>(408,137)</b>	<b>(2,341,026)</b>
Fund Balances, January 1	48,487	12,400	2,000,000	1,689,912	6,896,068
Prior Period Adjustments	0	0	0	0	750,000
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$48,487</b>	<b>(\$17,272)</b>	<b>\$0</b>	<b>\$1,281,775</b>	<b>\$5,305,042</b>



**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	DEBT SERVICE FUNDS				
	2001 LTGO REFUNDING BONDS	1996 LTGO REFUNDING BONDS	1998 GO LIBRARY BONDS	2009 LTGO REFUNDING BONDS	LID GUARANTY
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Licenses	0	0	0	0	0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	0	0	0	3,139	8,411
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,139</b>	<b>8,411</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Transportation	0	0	0	0	0
Physical Environment	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service					
Principal	140,000	1,375,000	2,595,000	995,000	0
Interest and Fiscal Charges	25,532	42,485	54,091	146,140	0
<b>TOTAL EXPENDITURES</b>	<b>165,532</b>	<b>1,417,485</b>	<b>2,649,091</b>	<b>1,141,140</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(165,532)</b>	<b>(1,417,485)</b>	<b>(2,649,091)</b>	<b>(1,138,001)</b>	<b>8,411</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	165,459	1,598,962	2,770,969	1,533,275	0
Transfers (Out)	0	(386,703)	(152,347)	(4,696,008)	0
Refunding Debt Proceeds	0	0	0	4,755,347	0
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>165,459</b>	<b>1,212,259</b>	<b>2,618,622</b>	<b>1,592,614</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>(73)</b>	<b>(205,226)</b>	<b>(30,469)</b>	<b>454,613</b>	<b>8,411</b>
Fund Balances, January 1	28,999	205,226	30,469	0	489,453
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$28,926</b>	<b>\$0</b>	<b>\$0</b>	<b>\$454,613</b>	<b>\$497,864</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	DEBT SERVICE FUNDS				TOTAL
	800 MHZ INTERLOCAL NOTE	STATE LOCAL LOAN	ENERGY CONSERVATION	LID 97-1	
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Licenses	0	0	0	0	0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	0	0	0	473	12,023
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>473</b>	<b>12,023</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Transportation	0	0	0	0	0
Physical Environment	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service					0
Principal	90,165	39,807	52,997	0	5,287,969
Interest and Fiscal Charges	57,511	6,505	12,370	0	344,634
<b>TOTAL EXPENDITURES</b>	<b>147,676</b>	<b>46,312</b>	<b>65,367</b>	<b>0</b>	<b>5,632,603</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(147,676)</b>	<b>(46,312)</b>	<b>(65,367)</b>	<b>473</b>	<b>(5,620,580)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	147,169	46,312	65,367	0	6,327,513
Transfers (Out)	0	0	0	0	(5,235,058)
Refunding Debt Proceeds	0	0	0	0	4,755,347
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>147,169</b>	<b>46,312</b>	<b>65,367</b>	<b>0</b>	<b>5,847,802</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>(507)</b>	<b>0</b>	<b>0</b>	<b>473</b>	<b>227,222</b>
Fund Balances, January 1	16,041	3,859	17,113	52,885	844,045
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$15,534</b>	<b>\$3,859</b>	<b>\$17,113</b>	<b>\$53,358</b>	<b>\$1,071,267</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	CAPITAL PROJECT FUNDS				
	TRANSIT SUPPORT PROJECTS	SIP/CFP PROJECT FUND	OLYMPIC VIEW DRIVE	TRAFFIC SIGNALS	ROADWAY SURFACING
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Licenses	0	0	0	0	0
Intergovernmental Revenues	0	0	2,666,006	1,330	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>2,666,006</b>	<b>1,330</b>	<b>0</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	67,500	0	0	0
Transportation	0	0	0	0	25,270
Physical Environment	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	5,213,353	11,383	0
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	90	61	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>67,500</b>	<b>5,213,443</b>	<b>11,444</b>	<b>25,270</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>(67,500)</b>	<b>(2,547,437)</b>	<b>(10,114)</b>	<b>(25,270)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	67,500	2,226,000	0	0
Transfers (Out)	0	0	0	0	0
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>67,500</b>	<b>2,226,000</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>0</b>	<b>0</b>	<b>(321,437)</b>	<b>(10,114)</b>	<b>(25,270)</b>
Fund Balances, January 1	(5,076)	0	38,830	(158,669)	(65,363)
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>(\$5,076)</b>	<b>\$0</b>	<b>(\$282,607)</b>	<b>(\$168,783)</b>	<b>(\$90,633)</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	CAPITAL PROJECT FUNDS				
	SIDEWALKS PEDESTRIAN IMPROVEMENTS	196th IMPROVEMENTS 48th-37th	36th/35th AVE WEST	204th LID 2009-1	INTERURBAN OVERPASS 44th
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Licenses	0	0	0	0	0
Intergovernmental Revenues	420,287	0	0	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>420,287</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Transportation	130,122	0	0	22,780	0
Physical Environment	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	499,144	116,207	397,159	244,678	82,141
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>629,266</b>	<b>116,207</b>	<b>397,159</b>	<b>267,458</b>	<b>82,141</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(208,979)</b>	<b>(116,207)</b>	<b>(397,159)</b>	<b>(267,458)</b>	<b>(82,141)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	300,000	203,900	0	0
Transfers (Out)	0	0	0	0	0
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>300,000</b>	<b>203,900</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>(208,979)</b>	<b>183,793</b>	<b>(193,259)</b>	<b>(267,458)</b>	<b>(82,141)</b>
Fund Balances, January 1	87,134	0	276,000	0	271,315
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>(\$121,845)</b>	<b>\$183,793</b>	<b>\$82,741</b>	<b>(\$267,458)</b>	<b>\$189,174</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	CAPITAL PROJECT FUNDS				
	I-5/196th PEDESTRIAN BRIDGE	PARK ACQUISITION & DEVELOPMENT	I-5 CITY CENTER EXIT	TRAFFIC OPERATIONS CENTER	REAL ESTATE EXCISE TAX # 2
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$294,498
Licenses	0	0	0	0	0
Intergovernmental Revenues	1,128,485	330,585	0	25,779	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous - Interest	0	0	0	0	16,740
Other	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>1,128,485</b>	<b>330,585</b>	<b>0</b>	<b>25,779</b>	<b>311,238</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Transportation	0	0	0	144,124	0
Physical Environment	0	0	0	0	0
Culture and Recreation	0	56,959	0	0	0
Capital Outlay	1,167,211	345,987	0	1,777,390	0
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>1,167,211</b>	<b>402,946</b>	<b>0</b>	<b>1,921,514</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(38,726)</b>	<b>(72,361)</b>	<b>0</b>	<b>(1,895,735)</b>	<b>311,238</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	81,143	0	1,026,000	0
Transfers (Out)	0	0	0	(11,790)	(490,000)
Refunding Debt Proceeds	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>81,143</b>	<b>0</b>	<b>1,014,210</b>	<b>(490,000)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>(38,726)</b>	<b>8,782</b>	<b>0</b>	<b>(881,525)</b>	<b>(178,762)</b>
Fund Balances, January 1	2,189,960	515,790	133,116	(34,678)	998,243
Prior Period Adjustments	0	0	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$2,151,234</b>	<b>\$524,572</b>	<b>\$133,116</b>	<b>(\$916,203)</b>	<b>\$819,481</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year December 31,2009

	CAPITAL PROJECT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	REAL ESTATE EXCISE TAX	HARDWARE SOFTWARE UPGRADES	CAPITAL DEVELOPMENT PLAN	TOTAL	
<b>REVENUES</b>					
Taxes	\$294,498	\$0	\$0	\$588,996	\$4,839,904
Licenses	0	0	0	0	169,284
Intergovernmental Revenues	0	0	0	4,572,472	6,125,717
Charges for Services	0	0	0	0	29,075
Fines & Forfeits	0	0	0	0	68,865
Miscellaneous - Interest	13,926	0	52,157	82,823	173,738
Other	0	0	0	0	8,668
<b>TOTAL REVENUES</b>	<b>308,424</b>	<b>0</b>	<b>52,157</b>	<b>5,244,291</b>	<b>11,415,251</b>
<b>EXPENDITURES</b>					
Current					
General Government	0	624	0	624	69,232
Public Safety	0	0	0	67,500	567,090
Transportation	0	0	0	322,296	2,039,468
Physical Environment	0	0	0	0	274,083
Culture and Recreation	0	0	0	56,959	1,312,945
Capital Outlay	0	215,386	0	10,070,039	10,117,533
Debt Service				0	
Principal	0	0	0	0	5,287,969
Interest and Fiscal Charges	0	0	0	151	344,785
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>216,010</b>	<b>0</b>	<b>10,517,569</b>	<b>20,013,105</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>308,424</b>	<b>(216,010)</b>	<b>52,157</b>	<b>(5,273,278)</b>	<b>(8,597,854)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	585,000	0	4,489,543	11,114,846
Transfers (Out)	(1,626,494)	(188,870)	(636,143)	(2,953,297)	(13,123,197)
Refunding Debt Proceeds	0	0	0	0	4,755,347
Sale of Capital Assets	0	0	0	0	22
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,626,494)</b>	<b>396,130</b>	<b>(636,143)</b>	<b>1,536,246</b>	<b>2,747,018</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPEND- ITURES &amp; OTHER USES</b>	<b>(1,318,070)</b>	<b>180,120</b>	<b>(583,986)</b>	<b>(3,737,032)</b>	<b>(5,850,836)</b>
Fund Balances, January 1	1,376,996	18,057	3,194,779	8,836,434	16,576,547
Prior Period Adjustments	0	0	0	0	750,000
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$58,926</b>	<b>\$198,177</b>	<b>\$2,610,793</b>	<b>\$5,099,402</b>	<b>\$11,475,711</b>

**FIDUCIARY FUNDS  
COMBINED STATEMENT OF NET ASSETS**

December 31, 2009

	PAYROLL FUND	CLAIMS FUND	COURT TRUST FUND	SUSPENSE FUND	TOTALS
<b>ASSETS</b>					
Cash and Equivalents	\$216,158	\$203,799	\$28,662	\$211,014	\$659,633
Investments	439,000	1,380,000	0	85,000	1,904,000
<b>TOTAL ASSETS</b>	<u>\$655,158</u>	<u>\$1,583,799</u>	<u>\$28,662</u>	<u>\$296,014</u>	<u>\$2,563,633</u>
<b>LIABILITIES</b>					
Accounts Payable	\$655,158	\$1,583,799	\$0	\$5,512	\$2,244,469
Deposits Payable	0	0	28,662	290,502	319,164
<b>TOTAL LIABILITIES</b>	<u>655,158</u>	<u>1,583,799</u>	<u>28,662</u>	<u>296,014</u>	<u>\$2,563,633</u>
<b>NET ASSETS</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended December 31, 2009

	BALANCE 1/1/09	ADDITIONS	DEDUCTIONS	BALANCE 12/31/09
<b>PAYROLL FUND</b>				
Assets				
Cash and Equivalents	\$780,033	\$50,591,195	\$51,155,070	\$216,158
Investments	1,100,000	439,000	1,100,000	439,000
Total Assets	<u>\$1,880,033</u>	<u>\$51,030,195</u>	<u>\$52,255,070</u>	<u>\$655,158</u>
Liabilities				
Accounts Payable	<u>\$1,880,033</u>	<u>\$33,315,693</u>	<u>\$34,540,568</u>	<u>\$655,158</u>
Total Liabilities	<u>\$1,880,033</u>	<u>\$33,315,693</u>	<u>\$34,540,568</u>	<u>\$655,158</u>
<b>CLAIMS FUND</b>				
Assets				
Cash and Equivalents	\$979	\$50,032,460	\$49,829,640	\$203,799
Investments	393,000	1,380,000	393,000	1,380,000
Total Assets	<u>\$393,979</u>	<u>\$51,412,460</u>	<u>\$50,222,640</u>	<u>\$1,583,799</u>
Liabilities				
Accounts Payable	<u>\$393,979</u>	<u>\$49,639,460</u>	<u>\$48,449,640</u>	<u>\$1,583,799</u>
Total Liabilities	<u>\$393,979</u>	<u>\$49,639,460</u>	<u>\$48,449,640</u>	<u>\$1,583,799</u>
<b>COURT TRUST FUND</b>				
Assets				
Cash and Equivalents	<u>\$55,659</u>	<u>\$17,016</u>	<u>\$44,013</u>	<u>\$28,662</u>
Total Assets	<u>\$55,659</u>	<u>\$17,016</u>	<u>\$44,013</u>	<u>\$28,662</u>
Liabilities				
Deposits Payable	<u>\$55,659</u>	<u>\$17,016</u>	<u>\$44,013</u>	<u>\$28,662</u>
Total Liabilities	<u>\$55,659</u>	<u>\$17,016</u>	<u>\$44,013</u>	<u>\$28,662</u>
<b>SUSPENSE FUND</b>				
Assets				
Cash and Equivalents	\$95,806	\$2,485,092	\$2,369,884	\$211,014
Investments	192,000	85,000	192,000	85,000
Total Assets	<u>\$287,806</u>	<u>\$2,570,092</u>	<u>\$2,561,884</u>	<u>\$296,014</u>
Liabilities				
Deposits Payable	<u>\$287,806</u>	<u>\$2,380,555</u>	<u>\$2,372,347</u>	<u>\$296,014</u>
Total Liabilities	<u>\$287,806</u>	<u>\$2,380,555</u>	<u>\$2,372,347</u>	<u>\$296,014</u>

**SPECIAL REVENUE FUNDS  
STADIUM CONVENTION CENTER  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes	\$1,185,664	\$454,125	(\$731,539)
Intergovernmental Revenues	1,085,000	481,996	(603,004)
Charges for Services	0	10	10
Miscellaneous - Interest	57,191	13,451	(43,740)
<b>TOTAL REVENUES</b>	<b>2,327,855</b>	<b>949,582</b>	<b>(1,378,273)</b>
<b>EXPENDITURES</b>			
Culture and Recreation	2,039,303	1,008,825	1,030,478
<b>TOTAL EXPENDITURES</b>	<b>2,039,303</b>	<b>1,008,825</b>	<b>1,030,478</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	288,552	(59,243)	(347,795)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(231,361)	(115,680)	115,681
Sale of Capital Assets	0	22	22
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(231,361)</b>	<b>(115,658)</b>	<b>115,703</b>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	57,191	(174,901)	(232,092)
Fund Balance, January 1	0	854,395	854,395
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$57,191</b>	<b>\$679,494</b>	<b>\$622,303</b>

**SPECIAL REVENUE FUNDS  
DRUG ENFORCEMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Intergovernmental Revenue	\$0	\$12,581	\$12,581
Fines & Forfeits	400,000	68,865	(331,135)
Miscellaneous - Interest	47,685	7,545	(40,140)
<b>TOTAL REVENUES</b>	<b>447,685</b>	<b>88,991</b>	<b>(358,694)</b>
<b>EXPENDITURES</b>			
Public Safety	407,784	208,975	198,809
Capital Outlay	15,000	0	15,000
<b>TOTAL EXPENDITURES</b>	<b>422,784</b>	<b>208,975</b>	<b>213,809</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,901	(119,984)	(144,885)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER I	24,901	(119,984)	(144,885)
Fund Balance, January 1	0	605,968	605,968
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$24,901</b>	<b>\$485,984</b>	<b>\$461,083</b>

**SPECIAL REVENUE FUNDS  
CRIMINAL JUSTICE RESERVE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$1,260,000	\$1,260,000	\$461,661	(\$798,339)
Intergovernmental Revenues	72,082	72,082	156,053	83,971
Charge for Services	0	0	26,355	26,355
Miscellaneous - Interest	102,523	102,523	9,913	(92,610)
Miscellaneous - Other	0	0	5,922	5,922
<b>TOTAL REVENUES</b>	<b>1,434,605</b>	<b>1,434,605</b>	<b>659,904</b>	<b>(774,701)</b>
<b>EXPENDITURES</b>				
Public Safety	325,285	551,691	282,728	268,963
Capital Outlay	0	0	40,598	(40,598)
<b>TOTAL EXPENDITURES</b>	<b>325,285</b>	<b>551,691</b>	<b>323,326</b>	<b>228,365</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,109,320</b>	<b>882,914</b>	<b>336,578</b>	<b>(546,336)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(738,350)	(842,129)	(421,429)	420,700
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(738,350)</b>	<b>(842,129)</b>	<b>(421,429)</b>	<b>420,700</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER</b>	<b>370,970</b>	<b>40,785</b>	<b>(84,851)</b>	<b>(125,636)</b>
Fund Balance, January 1	0	330,185	558,261	228,076
Prior Period Adjustments	0	0	750,000	750,000
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$370,970</b>	<b>\$370,970</b>	<b>\$1,223,410</b>	<b>\$852,440</b>

**SPECIAL REVENUE FUNDS  
JUSTICE PROGRAMS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2008

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Intergovernmental Revenues	\$0	\$0	\$0
Miscellaneous - Interest	0	0	0
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>			
Public Safety	0	0	0
Capital Outlay	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance, January 1	0	0	0
Prior Period Adjustments	0	0	0
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SPECIAL REVENUE FUNDS**  
**STREET FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$1,870,728	\$1,870,728	\$922,161	(\$948,567)
Licenses and Permits	75,000	75,000	149,030	74,030
Intergovernmental Revenues	1,227,911	1,289,411	597,087	(692,324)
Charge for Services	0	0	0	0
Miscellaneous - Interest	25,923	25,923	7,363	(18,560)
Other	0	0	1,748	1,748
<b>TOTAL REVENUES</b>	<b>3,199,562</b>	<b>3,261,062</b>	<b>1,677,389</b>	<b>(1,583,673)</b>
<b>EXPENDITURES</b>				
Transportation	3,771,562	3,689,083	1,717,172	1,971,911
Capital Outlay	100,000	40,000	6,896	33,104
<b>TOTAL EXPENDITURES</b>	<b>3,871,562</b>	<b>3,729,083</b>	<b>1,724,068</b>	<b>2,005,015</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(672,000)</b>	<b>(468,021)</b>	<b>(46,679)</b>	<b>421,342</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	572,000	572,000	286,000	(286,000)
Transfers (Out)	0	(48,743)	0	48,743
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>572,000</b>	<b>523,257</b>	<b>286,000</b>	<b>(237,257)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USE</b>	<b>(100,000)</b>	<b>55,236</b>	<b>239,321</b>	<b>184,085</b>
Fund Balance, January 1	100,000	100,000	359,189	259,189
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$0</b>	<b>\$155,236</b>	<b>\$598,510</b>	<b>\$443,274</b>

**SPECIAL REVENUE FUNDS  
ARTERIAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Intergovernmental Revenues	\$557,846	\$248,385	(\$309,461)
Miscellaneous - Interest	48,549	7,578	(40,971)
<b>TOTAL REVENUES</b>	<u>606,395</u>	<u>255,963</u>	<u>(350,432)</u>
<b>EXPENDITURES</b>			
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>606,395</u>	<u>255,963</u>	<u>(350,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(557,846)	0	557,846
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(557,846)</u>	<u>0</u>	<u>557,846</u>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	48,549	255,963	207,414
Fund Balance, January 1	<u>0</u>	<u>311,125</u>	<u>311,125</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u><u>\$48,549</u></u>	<u><u>\$567,088</u></u>	<u><u>\$518,539</u></u>

**SPECIAL REVENUE FUNDS  
CUMULATIVE PARK RESERVE AND DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Intergovernmental Revenues	\$0	\$2,500	\$2,500
Miscellaneous -Interest	5,863	1,644	(4,219)
<b>TOTAL REVENUES</b>	<b>5,863</b>	<b>4,144</b>	<b>(1,719)</b>
<b>EXPENDITURES</b>			
Culture and Recreation	0	19,296	(19,296)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>19,296</b>	<b>(19,296)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,863	(15,152)	(21,015)
<b>OTHER FINANCING SOURCES ( USES )</b>			
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0
EXCESS ( DEFICIENCY ) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USE	5,863	(15,152)	(21,015)
Fund Balance, January 1	0	103,171	103,171
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$5,863</b>	<b>\$88,019</b>	<b>\$82,156</b>

**SPECIAL REVENUE FUNDS  
CUMULATIVE ART RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental Revenues	\$0	\$31,000	\$32,646	\$1,646
Miscellaneous - Interest	2,123	2,123	873	(1,250)
<b>TOTAL REVENUES</b>	<b>2,123</b>	<b>33,123</b>	<b>33,519</b>	<b>396</b>
<b>EXPENDITURES</b>				
Capital Outlay	29,240	202,790	62,571	140,219
<b>TOTAL EXPENDITURES</b>	<b>29,240</b>	<b>202,790</b>	<b>62,571</b>	<b>140,219</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,117)	(169,667)	(29,052)	140,615
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	29,240	171,790	11,790	(160,000)
<b>TOTAL OTHER FINANCING SOURCES (USE)</b>	<b>29,240</b>	<b>171,790</b>	<b>11,790</b>	<b>(160,000)</b>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER US	2,123	2,123	(17,262)	(19,385)
Fund Balance, January 1	0	0	46,262	46,262
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$2,123</b>	<b>\$2,123</b>	<b>\$29,000</b>	<b>\$26,877</b>

**SPECIAL REVENUE FUNDS  
CUMULATIVE RESERVE AID CAR FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental Revenues	\$0	\$0	\$4,391	\$4,391
Miscellaneous - Interest	2213	2213	696	(1,517)
Miscellaneous - Other	0	0	0	0
<b>TOTAL REVENUES</b>	<b>2,213</b>	<b>2,213</b>	<b>5,087</b>	<b>2,874</b>
<b>EXPENDITURES</b>				
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,213	2,213	5,087	2,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	0	(32,545)	0	32,545
<b>TOTAL OTHER FINANCING SOURCES (USE)</b>	<b>0</b>	<b>(32,545)</b>	<b>0</b>	<b>32,545</b>
Fund Balance, January 1	0	32,545	38,139	5,594
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$2,213</b>	<b>\$2,213</b>	<b>\$43,226</b>	<b>\$41,013</b>

**SPECIAL REVENUE FUNDS  
EMS PROPERTY TAX  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Taxes	\$4,782,299	\$5,012,588	\$2,371,287	(\$2,641,301)
Miscellaneous - Interest	22,517	22,517	4,115	(18,402)
TOTAL REVENUES	<u>4,804,816</u>	<u>5,035,105</u>	<u>2,375,402</u>	<u>(2,659,703)</u>
<b>EXPENDITURES</b>				
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,804,816	5,035,105	2,375,402	(2,659,703)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	<u>(4,774,089)</u>	<u>(5,065,181)</u>	<u>(2,371,287)</u>	<u>2,693,894</u>
TOTAL OTHER FINANCING SOURCES (USE)	<u>(4,774,089)</u>	<u>(5,065,181)</u>	<u>(2,371,287)</u>	<u>2,693,894</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	30,727	(30,076)	4,115	34,191
Fund Balance, January 1	<u>0</u>	<u>60,803</u>	<u>183,984</u>	<u>123,181</u>
FUND BALANCES, DECEMBER 31	<u>\$30,727</u>	<u>\$30,727</u>	<u>\$188,099</u>	<u>\$157,372</u>

**SPECIAL REVENUE FUNDS  
TREE FUND RESERVE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Licenses	\$50,000	\$20,254	(\$29,746)
TOTAL REVENUES	50,000	20,254	(29,746)
<b>EXPENDITURES</b>			
Physical Environment	40,000	15,807	24,193
TOTAL EXPENDITURES	40,000	15,807	24,193
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,000	4,447	(5,553)
Fund Balance, January 1	0	117,400	117,400
FUND BALANCES, DECEMBER 31	\$10,000	\$121,847	\$111,847

**SPECIAL REVENUE FUNDS  
PATH & TRAILS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>				
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	0	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,800	6,800	0	(6,800)
Transfers (Out)	<u>0</u>	<u>(48,000)</u>	<u>0</u>	<u>48,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,800</u>	<u>(41,200)</u>	<u>0</u>	<u>41,200</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USE	<u>6,800</u>	<u>(41,200)</u>	<u>0</u>	<u>41,200</u>
Fund Balance, January 1	<u>0</u>	<u>48,000</u>	<u>48,487</u>	<u>487</u>
FUND BALANCES, DECEMBER 31	<u><u>\$6,800</u></u>	<u><u>\$6,800</u></u>	<u><u>\$48,487</u></u>	<u><u>\$41,687</u></u>

**SPECIAL REVENUE FUNDS  
SOLID WASTE MANAGEMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$91,122	\$91,122	\$41,674	(\$49,448)
Intergovernmental Revenues	43,280	43,280	17,606	(25,674)
Charge for Services	5,800	5,800	2,710	(3,090)
Miscellaneous - Other	0	0	898	898
<b>TOTAL REVENUES</b>	<b>140,202</b>	<b>140,202</b>	<b>62,888</b>	<b>(77,314)</b>
<b>EXPENDITURES</b>				
Physical Environment	140,202	237,688	92,560	145,128
<b>TOTAL EXPENDITURES</b>	<b>140,202</b>	<b>237,688</b>	<b>92,560</b>	<b>145,128</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	(97,486)	(29,672)	67,814
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	97,486	0	(97,486)
<b>TOTAL OTHER FINANCING SOURCES (US)</b>	<b>0</b>	<b>97,486</b>	<b>0</b>	<b>(97,486)</b>
Fund Balance, January 1	0	0	12,885	12,885
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,787)</b>	<b>(\$16,787)</b>

**SPECIAL REVENUE FUNDS  
REVENUE STABILIZATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TOTAL REVENUES	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>				
TOTAL EXPENDITURES	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	0	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	0	(2,000,000)	(2,000,000)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(2,000,000)	(2,000,000)	0
Fund Balance, January 1	0	2,000,000	2,000,000	0
FUND BALANCES, DECEMBER 31	\$0	\$0	\$0	\$0

**SPECIAL REVENUE FUNDS  
PROGRAM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Miscellaneous - Interest	167,911	167,911	25,814	(142,097)
<b>TOTAL REVENUES</b>	<b>\$167,911</b>	<b>\$167,911</b>	<b>\$25,814</b>	<b>(\$142,097)</b>
<b>EXPENDITURES</b>				
General Government	1,163,275	1,193,275	68,608	1,124,667
Public Safety	15,360	(2,114)	7,887	(10,001)
Transportation	0	0	0	0
Physical Environment	695,060	611,367	165,716	445,651
Culture and Recreation	374,000	309,000	165,294	143,706
Capital Outlay	15,000	15,000	0	15,000
<b>TOTAL EXPENDITURES</b>	<b>2,262,695</b>	<b>2,126,528</b>	<b>407,505</b>	<b>1,719,023</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,094,784)</b>	<b>(1,958,617)</b>	<b>(381,691)</b>	<b>1,576,926</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	600,000	600,000	0	(600,000)
Transfers (Out)	(694,545)	(428,738)	(26,446)	402,292
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(94,545)</b>	<b>171,262</b>	<b>(26,446)</b>	<b>(197,708)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER U</b>	<b>(2,189,329)</b>	<b>(1,787,355)</b>	<b>(408,137)</b>	<b>1,379,218</b>
Fund Balance, January 1	2,189,329	2,189,329	1,689,912	(499,417)
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$0</b>	<b>\$401,974</b>	<b>\$1,281,775</b>	<b>\$879,801</b>

**DEBT SERVICES FUNDS  
2001 LTGO REFUNDING BONDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
<b>REVENUES</b>			
TOTAL REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	285,000	140,000	145,000
Interest	<u>45,186</u>	<u>25,532</u>	<u>19,654</u>
TOTAL EXPENDITURES	<u>330,186</u>	<u>165,532</u>	<u>164,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(330,186)</u>	<u>(165,532)</u>	<u>(164,654)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	<u>330,022</u>	<u>165,459</u>	<u>(164,563)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>330,022</u>	<u>165,459</u>	<u>(164,563)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(164)</u>	<u>(73)</u>	<u>(329,217)</u>
Fund Balance, January 1	<u>164</u>	<u>28,999</u>	<u>28,835</u>
FUND BALANCE, DECEMBER 31	<u><u>\$0</u></u>	<u><u>\$28,926</u></u>	<u><u>\$28,926</u></u>

**DEBT SERVICES FUNDS  
2009 LTGO REFUNDING BONDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Miscellaneous - Interest	\$10,000	\$3,139	(\$6,861)
<b>TOTAL REVENUES</b>	<b>\$10,000</b>	<b>\$3,139</b>	<b>(\$6,861)</b>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	1,775,000	995,000	780,000
Interest	244,648	146,140	98,508
<b>TOTAL EXPENDITURES</b>	<b>2,019,648</b>	<b>1,141,140</b>	<b>878,508</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,009,648)	(1,138,001)	(885,369)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	2,465,542	1,533,275	(932,267)
Operating Transfers (Out)	(4,696,008)	(4,696,008)	0
Refunding Debt Proceeds	4,755,347	4,755,347	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,524,881</b>	<b>1,592,614</b>	<b>(932,267)</b>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	515,233	454,613	(1,817,636)
Fund Balance, January 1	0	0	0
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$515,233</b>	<b>\$454,613</b>	<b>(\$60,620)</b>

**DEBT SERVICES FUNDS  
1996 LTGO REFUNDING BONDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TOTAL REVENUES	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	965,000	1,375,000	1,375,000	0
Interest	112,796	42,485	42,485	0
TOTAL EXPENDITURES	1,077,796	1,417,485	1,417,485	0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,077,796)	(1,417,485)	(1,417,485)	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,022,843	738,211	1,598,962	860,751
Transfers (Out)	0	(386,703)	(386,703)	0
TOTAL OTHER FINANCING SOURCES (USES)	1,022,843	351,508	1,212,259	860,751
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(54,953)	(1,065,977)	(205,226)	860,751
Fund Balance, January 1	54,954	0	205,226	205,226
FUND BALANCE, DECEMBER 31	\$1	(\$1,065,977)	\$0	\$1,065,977

**DEBT SERVICES FUNDS  
1998 G.O. LIBRARY BONDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TOTAL REVENUES	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	485,000	2,595,000	2,595,000	0
Interest	240,226	54,092	54,091	1
TOTAL EXPENDITURES	725,226	2,649,092	2,649,091	1
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(725,226)	(2,649,092)	(2,649,091)	1
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	725,036	2,770,970	2,770,969	(1)
Operating Transfers (Out)	0	(152,347)	(152,347)	0
TOTAL OTHER FINANCING SOURCES (USES)	725,036	2,618,623	2,618,622	(1)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(190)	(30,469)	(30,469)	0
Fund Balance, January 1	190	0	30,469	30,469
FUND BALANCE, DECEMBER 31	\$0	(\$30,469)	\$0	\$30,469

**DEBT SERVICES FUNDS  
800 MHZ INTERLOCAL NOTE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
<b>REVENUES</b>			
TOTAL REVENUES	\$0	\$0	\$0
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	178,964	90,165	88,799
Interest	110,307	57,511	52,796
TOTAL EXPENDITURES	289,271	147,676	141,595
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(289,271)	(147,676)	141,595
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	288,790	147,169	(141,621)
TOTAL OTHER FINANCING SOURCES (USES)	288,790	147,169	(141,621)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(481)	(507)	(26)
Fund Balance, January 1	481	16,041	15,560
FUND BALANCE, DECEMBER 31	\$0	\$15,534	\$15,534

**DEBT SERVICES FUNDS  
STATE LOCAL LOAN  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
<b>REVENUES</b>			
TOTAL REVENUES	\$0	\$0	\$0
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	81,256	39,807	41,449
Interest	11,370	6,505	4,865
TOTAL EXPENDITURES	92,626	46,312	46,314
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,626)	(46,312)	46,314
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	92,626	46,312	(46,314)
TOTAL OTHER FINANCING SOURCES (USES)	92,626	46,312	(46,314)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	0	0	0
Fund Balance, January 1	0	3,859	3,859
FUND BALANCE, DECEMBER 31	\$0	\$3,859	\$3,859

**DEBT SERVICES FUNDS  
ENERGY CONSERVATION  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL NON-GAAP**

For the Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
<b>REVENUES</b>			
TOTAL REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	108,335	52,997	55,338
Interest	<u>22,579</u>	<u>12,370</u>	<u>10,209</u>
TOTAL EXPENDITURES	<u>130,914</u>	<u>65,367</u>	<u>65,547</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(130,914)</u>	<u>(65,367)</u>	<u>65,547</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>130,734</u>	<u>65,367</u>	<u>(65,367)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>130,734</u>	<u>65,367</u>	<u>(65,367)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(180)</u>	<u>0</u>	<u>180</u>
Fund Balance, January 1	<u>180</u>	<u>17,113</u>	<u>16,933</u>
FUND BALANCE, DECEMBER 31	<u><u>\$0</u></u>	<u><u>\$17,113</u></u>	<u><u>\$17,113</u></u>

## INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF NET ASSETS

December 31, 2009

	EQUIPMENT RENTAL	CENTRAL STORES	SELF- INSURANCE	RESERVE RETIREMENT CONTRIBUTION	TOTAL
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$113,245	\$30,625	\$7,116	\$547	\$151,533
Investments	2,980,000	81,000	685,000	217,000	3,963,000
Receivables	47,169	4,048	3,753	0	54,970
Inventories	0	144,031	0	0	144,031
TOTAL CURRENT ASSETS	<u>\$3,140,414</u>	<u>\$259,704</u>	<u>\$695,869</u>	<u>\$217,547</u>	<u>\$4,313,534</u>
<b>FIXED ASSETS</b>					
Depreciable Assets (Net)	7,536,820	35,830	0	0	7,572,650
Construction in Progress	260,860	0	0	0	260,860
NET FIXED ASSETS	<u>7,797,680</u>	<u>35,830</u>	<u>0</u>	<u>0</u>	<u>7,833,510</u>
TOTAL ASSETS	<u>\$10,938,094</u>	<u>\$295,534</u>	<u>\$695,869</u>	<u>\$217,547</u>	<u>\$12,147,044</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$62,021	\$6,418	\$7,443	\$0	\$75,882
Compensated Absences	50,882	0	0	0	50,882
Claims and Judgments Payable	0	0	145,681	0	145,681
TOTAL LIABILITIES	<u>112,903</u>	<u>6,418</u>	<u>153,124</u>	<u>0</u>	<u>272,445</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Debt	7,797,680	35,830	0	0	7,833,510
Unrestricted	3,027,511	253,286	542,745	217,547	4,041,089
TOTAL NET ASSETS	<u>\$10,825,191</u>	<u>\$289,116</u>	<u>\$542,745</u>	<u>\$217,547</u>	<u>\$11,874,599</u>

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET ASSETS**

For Year Ended December 31, 2009

	EQUIPMENT RENTAL	CENTRAL STORES	SELF- INSURANCE	RESERVE RETIREMENT CONTRIBUTION	TOTAL
OPERATING REVENUES					
Charges for Sales and Services	\$2,047,627	\$491,026	\$771,305	\$0	\$3,309,958
Other Operating Revenues	563	109,725	6,640	0	116,928
TOTAL OPERATING REVENUES	2,048,190	600,751	777,945	0	3,426,886
OPERATING EXPENSES					
Administrative and General	465,261	80,740	0	0	546,001
Operations, Maintenance, and Service	1,016,731	462,320	993,042	0	2,472,093
Depreciation	307,173	2,190	0	0	309,363
TOTAL OPERATING EXPENSES	1,789,165	545,250	993,042	0	3,327,457
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	259,025	55,501	(215,097)	0	99,429
OPERATING TRANSFERS					
Transfers In	361,719	0	0	0	361,719
Transfers (Out)	0	(15,000)	0	0	(15,000)
NET INCOME (LOSS) AFTER OPERATING TRANSFERS	620,744	40,501	(215,097)	0	446,148
NONOPERATING REVENUE (EXPENSES)					
Interest Revenue	83,186	0	14,213	3,675	101,074
Misc Nonoperating Revenue	0	0	10,892	0	10,892
Gain (Loss) on Sale of Fixed Assets	27,860	0	0	0	27,860
TOTAL NONOPERATING REVENUE (EXPENSE)	111,046	0	25,105	3,675	139,826
CHANGE IN NET ASSETS	731,790	40,501	(189,992)	3,675	585,974
TOTAL NET ASSETS - BEGINNING	10,102,488	248,615	732,737	213,872	11,297,712
Increase in Contributed Capital	0	0	0	0	0
Prior Period Correction	(9,087)	0	0	0	(9,087)
TOTAL NET ASSETS	\$10,825,191	\$289,116	\$542,745	\$217,547	\$11,874,599

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

	EQUIPMENT RENTAL	CENTRAL STORES	SELF- INSURANCE	RESERVE RETIREMENT CONTRIBUTION	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$2,047,627	\$726,786	\$777,945	\$0	\$3,552,358
Other operating revenues	29,884	0	10,892	0	40,776
Cash payments to suppliers for goods and services	(1,558,597)	(458,944)	(975,630)	0	(2,993,171)
Cash payments for operating expenses	0	(123,337)	0	0	(123,337)
Cash payments to employees for services	0	(87,424)	0	0	(87,424)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>518,914</b>	<b>57,081</b>	<b>(186,793)</b>	<b>0</b>	<b>389,202</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Insurance Recovery	0	0	0	0	0
Other Non-Operating Revenues	0	0	10,892	0	10,892
Transfers In	361,719	0	0	0	361,719
Transfers (out)	0	(15,000)	0	0	(15,000)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>361,719</b>	<b>(15,000)</b>	<b>10,892</b>	<b>0</b>	<b>357,611</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,770,211)	0	0	0	(1,770,211)
Proceeds from sale of equipment	27,860	0	0	0	27,860
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,742,351)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,742,351)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(2,980,000)	(81,000)	(685,000)	(217,000)	(3,963,000)
Proceeds from sale and maturities of investment securities	3,540,000	50,000	675,000	200,000	4,465,000
Interest and dividends on investments	94,012	0	14,213	3,675	111,900
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>654,012</b>	<b>(31,000)</b>	<b>4,213</b>	<b>(13,325)</b>	<b>613,900</b>
Net increase (decrease) in cash and cash equivalents	(207,706)	11,081	(171,688)	(13,325)	(381,638)
Cash and cash equivalents, January 1	320,951	19,544	178,803	13,872	533,170
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$113,245</b>	<b>\$30,625</b>	<b>\$7,115</b>	<b>\$547</b>	<b>\$151,532</b>

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

	EQUIPMENT RENTAL	CENTRAL STORES	SELF- INSURANCE	RESERVE RETIREMENT CONTRIBUTION	TOTAL
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$259,025	\$55,501	(\$215,098)	\$0	\$99,428
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization expense	307,173	2,190	0	0	309,363
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	0	2,698	22,567	0	25,265
(Increase) Decrease in inventories	0	66,306	0	0	66,306
Increase (Decrease) in accounts payable/wages	(47,284)	(69,614)	5,738	0	(111,160)
 TOTAL ADJUSTMENTS	 <u>259,889</u>	 <u>1,580</u>	 <u>28,305</u>	 <u>0</u>	 <u>289,774</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$518,914</u>	 <u>\$57,081</u>	 <u>(\$186,793)</u>	 <u>\$0</u>	 <u>\$389,202</u>

Disclosure of accounting policy: For purposes of the Statement of Cash Flows, the Internal Service Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE**

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>		
Land	\$38,750,451	\$38,620,451
Buildings	25,337,326	24,992,905
Improvements other than Buildings	23,725,595	15,826,480
Equipment	<u>5,423,881</u>	<u>5,346,766</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u><u>\$93,237,253</u></u>	<u><u>\$84,786,602</u></u>
<b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:</b>		
General Fund	\$78,161,080	\$69,564,897
Street Fund	10,029,865	10,175,397
Library Fund	4,694,093	4,694,093
Cumulative Arts Fund	<u>352,215</u>	<u>352,215</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u><u>\$93,237,253</u></u>	<u><u>\$84,786,602</u></u>

(1) See Note 6 in the Notes to the Financial Statements

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY**

December 31, 2009

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY & EQUIPMENT	TOTAL
<b>GENERAL GOVERNMENT</b>					
Administration	\$19,693,799	\$7,247,699	\$9,011,794	\$2,315,416	\$38,268,708
TOTAL	19,693,799	7,247,699	9,011,794	2,315,416	38,268,708
<b>PUBLIC SAFETY</b>					
Police	499,632	2,805,350	31,159	1,231,330	4,567,471
Fire	221,530	3,485,379	110,800	343,983	4,161,692
TOTAL	721,162	6,290,729	141,959	1,575,313	8,729,163
<b>PARKS, RECREATION AND CULTURE</b>					
Parks	17,484,451	2,812,887	5,157,965	812,608	26,267,911
Recreation Center	93,025	3,152,663	180,467	164,344	3,590,499
TOTAL	17,577,476	5,965,550	5,338,432	976,952	29,858,410
<b>JOINT SHOP</b>	395,883	842,111	0	66,804	1,304,798
TOTAL	395,883	842,111	0	66,804	1,304,798
<b>PUBLIC WORKS</b>	278,344	453,667	9,184,224	113,631	10,029,866
TOTAL	278,344	453,667	9,184,224	113,631	10,029,866
<b>LIBRARY</b>	83,787	4,537,570	49,186	23,550	4,694,093
TOTAL	83,787	4,537,570	49,186	23,550	4,694,093
<b>CUMULATIVE ARTS</b>	0	0	0	352,215	352,215
TOTAL	0	0	0	352,215	352,215
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$38,750,451</b>	<b>\$25,337,326</b>	<b>\$23,725,595</b>	<b>\$5,423,881</b>	<b>\$93,237,253</b>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

For the Fiscal Year Ended December 31, 2009

	JANUARY 1, 2009	ADDITIONS	RETIREMENT	DECEMBER 31, 2009
<b>GENERAL GOVERNMENT</b>				
Administration	\$30,127,457	\$8,152,040	\$10,788	\$38,268,709
TOTAL	30,127,457	8,152,040	10,788	38,268,709
<b>PUBLIC SAFETY</b>				
Police	4,526,872	40,598	0	4,567,470
Fire	4,140,874	20,819	0	4,161,693
TOTAL	8,667,746	61,417	0	8,729,163
<b>PARKS, RECREATION AND CULTURE</b>				
Parks	25,919,930	347,982	0	26,267,912
Recreation Center	3,590,498	0	0	3,590,498
TOTAL	29,510,428	347,982	0	29,858,410
<b>JOINT SHOP</b>				
TOTAL	1,304,798	0	0	1,304,798
<b>PUBLIC WORKS</b>				
TOTAL	10,129,865	0	100,000	10,029,865
<b>LIBRARY</b>				
TOTAL	4,694,093	0	0	4,694,093
<b>CUMULATIVE ARTS</b>				
TOTAL	352,215	0	0	352,215
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$84,786,602</b>	<b>\$8,561,439</b>	<b>\$110,788</b>	<b>\$93,237,253</b>

**GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>GENERAL GOVERNMENT</b>				
<b>LEGISLATIVE</b>				
Personnel Services	\$586,376	\$586,376	\$281,152	305,224
Supplies	6,425	6,425	4,088	2,337
Other Services and Charges	300,417	255,743	133,336	122,407
Intergovernmental Services	0	0	0	0
Total Legislative	893,218	848,544	418,576	429,968
<b>JUDICIAL</b>				
Personnel Services	1,763,507	1,811,595	965,655	845,940
Supplies	26,753	26,753	16,815	9,938
Other Services and Charges	770,138	810,138	314,850	495,288
Total Judicial	2,560,398	2,648,486	1,297,320	1,351,166
<b>EXECUTIVE</b>				
Personnel Services	664,744	605,728	224,098	381,630
Supplies	21,950	21,950	6,947	15,003
Other Services and Charges	257,891	223,702	95,655	128,047
Intergovernmental Services	32,241	32,241	10,632	21,609
Total Executive	976,826	883,621	337,332	546,289
<b>FINANCE</b>				
Personnel Services	3,668,942	3,441,284	1,936,727	1,504,557
Supplies	65,192	65,192	31,322	33,870
Other Services and Charges	674,070	616,370	390,434	225,936
Intergovernmental Services	4,937	4,937	1,331	3,606
Capital Outlay	78,858	53,442	0	53,442
Total Finance	4,491,999	4,181,225	2,359,814	1,821,411
<b>INFORMATION SERVICES</b>				
Personnel Services	2,186,341	2,341,433	1,152,728	1,188,705
Supplies	748,986	748,986	307,993	440,993
Other Services and Charges	551,614	954,214	569,586	384,628
Capital Outlay	274,500	274,500	83,434	191,066
Total Data Processing Services	3,761,441	4,319,133	2,113,741	2,205,392

**GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>LEGAL SERVICES</b>				
Other Services and Charges	1,578,718	1,573,868	1,170,742	403,126
Total Legal Services	1,578,718	1,573,868	1,170,742	403,126
<b>OTHER GOVERNMENTAL SERVICES</b>				
Personnel Services	1,481,305	1,489,353	793,028	696,325
Supplies	226,224	194,615	191,288	3,327
Other Services and Charges	1,697,673	1,609,450	955,305	654,145
Capital Outlay	15,513	570,513	420,088	150,425
Total Other Govt Services	3,420,715	3,863,931	2,359,709	1,504,222
<b>TOTAL GENERAL GOVT</b>	17,683,315	18,318,808	10,057,234	8,261,574
<b>HUMAN SERVICES</b>				
Personnel Services	985,972	994,887	577,806	417,081
Supplies	28,286	24,300	9,992	14,308
Other Services and Charges	236,592	277,551	130,350	147,201
Capital Outlay	14,220	14,220	0	14,220
<b>TOTAL HUMAN SERVICES</b>	1,265,070	1,310,958	718,148	592,810
<b>PUBLIC SAFETY</b>				
<b>POLICE</b>				
Personnel Services	20,863,569	20,150,780	10,450,958	9,699,822
Supplies	481,495	476,995	196,384	280,611
Other Services and Charges	2,943,293	3,219,043	1,751,595	1,467,448
Intergovernmental Services	1,902,718	1,902,718	709,330	1,193,388
Capital Outlay	80,423	80,423	0	80,423
Total Police	26,271,498	25,829,959	13,108,267	12,721,692

**GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>FIRE</b>				
Personnel Services	7,436,317	6,755,199	3,663,600	3,091,599
Supplies	191,497	191,497	97,357	94,140
Other Services and Charges	923,927	738,061	574,603	163,458
Intergovernmental Services	1,052,215	1,079,215	425,424	653,791
Capital Outlay	32,994	0	0	0
<b>Total Fire</b>	<b>9,636,950</b>	<b>8,763,972</b>	<b>4,760,984</b>	<b>4,002,988</b>
<b>DETENTION AND CORRECTION</b>				
Personnel Services	2,236,370	2,602,330	1,511,704	1,090,626
Supplies	289,405	289,405	126,776	162,629
Other Services and Charges	257,170	157,170	53,580	103,590
Intergovernmental Services	2,304,295	1,347,314	1,298,133	49,181
Capital Outlay	58,482	58,482	0	58,482
<b>Total Detention and Correction</b>	<b>5,145,722</b>	<b>4,454,701</b>	<b>2,990,193</b>	<b>1,464,508</b>
<b>PERMITS AND INSPECTIONS</b>				
Personnel Services	1,434,778	1,565,681	924,273	641,408
Supplies	33,602	33,602	10,165	23,437
Other Services and Charges	151,365	151,365	86,218	65,147
Capital Outlay	5,651	5,651	0	5,651
<b>Total Permits &amp; Inspections</b>	<b>1,625,396</b>	<b>1,756,299</b>	<b>1,020,656</b>	<b>735,643</b>
<b>EMERGENCY SERVICES</b>				
Supplies	555	555	0	555
Other Services and Charges	0	0	5,697	(5,697)
Intergovernmental Services	1,762	1,762	0	1,762
<b>Total Emergency Services</b>	<b>2,317</b>	<b>2,317</b>	<b>5,697</b>	<b>(3,380)</b>

**GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>AMBULANCE RESCUE</b>				
Personnel Service	6,784,953	7,303,618	3,716,339	3,587,279
Supplies	242,741	242,741	128,428	114,313
Other Services and Charges	336,762	294,457	200,826	93,631
Capital Outlay	16,123	36,354	20,819	15,535
Total Ambulance Rescue	7,380,579	7,877,170	4,066,412	3,810,758
<b>TOTAL PUBLIC SAFETY</b>	50,062,462	48,684,418	25,952,209	22,732,209
<b>PHYSICAL ENVIRONMENT</b>				
<b>ENGINEERING</b>				
Personnel Services	3,926,503	3,893,611	2,302,252	1,591,359
Supplies	69,575	41,775	19,341	22,434
Other Services and Charges	300,240	246,690	142,470	104,220
Total Engineering	4,296,318	4,182,076	2,464,063	1,718,013
<b>WATERWORKS UTILITIES BILLING</b>				
Personnel Services	412,098	436,381	195,636	240,745
Supplies	0	0	109	(109)
Other Services and Charges	1,316	1,316	826	490
Total Waterworks Utilities Billing	413,414	437,697	196,571	241,126
<b>COMMUNITY DEVELOPMENT</b>				
Personnel Services	3,279,092	3,108,693	1,573,247	1,535,446
Supplies	57,596	56,571	29,056	27,515
Other Services and Charges	540,325	672,035	305,355	366,680
Total Community Development	3,877,013	3,837,299	1,907,658	1,929,641

**GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET**

For the Year Ended December 31, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>ANIMAL CONTROL</b>				
Personnel Services	282,322	305,889	154,875	151,014
Supplies	3,263	3,263	928	2,335
Other Services and Charges	124,688	124,688	72,195	52,493
Total Animal Control	410,273	433,840	227,998	205,842
<b>TOTAL PHYSICAL ENVIRONMENT</b>	8,997,018	8,890,912	4,796,290	4,094,622
<b>CULTURE AND RECREATION</b>				
<b>PARKS AND RECREATION</b>				
Personnel Services	2,512,520	2,390,543	1,235,535	1,155,008
Supplies	137,086	124,906	43,358	81,548
Other Services and Charges	439,777	390,777	235,498	155,279
Total Parks and Recreation	3,089,383	2,906,226	1,514,391	1,391,835
<b>RECREATION CENTER</b>				
Personnel Services	5,130,078	5,350,046	3,103,840	2,246,206
Supplies	228,593	228,593	96,481	132,112
Other Services and Charges	1,006,861	929,449	524,090	405,359
Intergovernmental Services	35,000	35,000	16,690	18,310
Total Recreation Center	6,400,532	6,543,088	3,741,101	2,801,987
<b>TOTAL CULTURE AND RECREATION</b>	9,489,915	9,449,314	5,255,492	4,193,822
<b>TOTAL BEFORE DEBT SERVICE</b>	87,497,780	86,654,410	46,779,373	39,875,037
<b>DEBT SERVICE</b>				
Interest and Fiscal Charges	1,765	1,765	822	943
<b>TOTAL GENERAL FUND</b>	\$87,499,545	\$86,656,175	\$46,780,195	\$39,875,980

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER IDENTIFICATION NUMBER	EXPENDITURES	
			Pass-Through Awards	Direct Awards
<b>Department of Justice</b>				
Office of Juvenile Justice and Delinquency Prevention through the Federal Bureau of Investigation/ Missing Children's Assistance	16.543	N/A	\$ 1,323	\$ -
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	2005-BU-BX-05026337		4,827
Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	2009-BU-BX-08044645		11,851
Bureau of Justice Assistance/ Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0725		17,678
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Governments	16.804	2009-SB-B9-2906		22,667
<b>Total Department of Justice</b>			<b>\$ 1,323</b>	<b>\$ 57,022</b>
<b>Department of Health and Human Services</b>				
Centers for Disease Control and Prevention through Nat'l Recreation and Park Association / Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	2009 NRPA ACHIEVE	20,000	
<b>Total Department of Health and Human Services</b>			<b>\$ 20,000</b>	<b>\$ -</b>
<b>Department of Housing and Urban Development</b>				
Office of Community Planning and Development through Snohomish County/Community Development Block Grants/ Entitlement Grants	14.218	HCD-07-21-0605-167	272,000	
<b>Total Department of Housing and Urban Development</b>			<b>\$ 272,000</b>	<b>\$ -</b>
<b>Department of Homeland Security</b>				
State of Washington Military Department/Disaster Grants -Public Assistance (Presidentially Declared Disasters)	97.036	N/A	57,118	
<b>Total Department of Homeland Security</b>			<b>\$ 57,118</b>	<b>\$ -</b>
<b>SUBTOTAL FEDERAL AWARDS EXPENDED</b>			<b>\$ 350,441</b>	<b>\$ 57,022</b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER IDENTIFICATION NUMBER	EXPENDITURES	
			Pass-Through Awards	Direct Awards
<b>Department of Transportation</b>				
<b>National Highway Traffic Safety Administration</b>				
State and Community Highway Safety through Wash. Assoc. of Sheriffs and Police Chiefs	20.600	N/A	799	
State and Community Highway Safety through Washington Traffic Safety Commission	20.600	N/A	450	
State and Community Highway Safety/Washington Traffic Safety Commission through Snohomish County Sheriff's Office	20.600	N/A	10,489	
Alcohol Impaired Driving Countermeasures Incentive Grants I through Washington Traffic Safety Commission	20.601	N/A	2,863	
Alcohol Impaired Driving Countermeasures Incentive Grants I/Washington Traffic Safety Commission through Snohomish County Sheriff's Office	20.601	N/A	3,705	
Alcohol Impaired Driving Countermeasures Incentive Grants I/Washington Traffic Safety Commission through Snohomish County Sheriff's Office	20.601	N/A	5,000	
Occupant Protection Incentive Grants through Washington Traffic Safety Commission	20.602	N/A	5,564	
<b>Subtotal National Highway Traffic Safety Commission</b>			<b>28,871</b>	<b>-</b>
<b>Federal Highway Administration</b>				
Highway Planning and Construction through Washington State Department of Transportation				
Regional Transit Pedestrian Bridge	20.205	STPE-STPUL-CM-2523(001)	112,933	
ARRA - Regional Transit Pedestrian Bridge	20.205	ARRA-STPE-CM-STPUL-2523(001)	1,015,552	
Alderwood Mall Blvd. & 40th Signal	20.205	STPH-2548(003)	1,330	
Olympic View Drive Safety Improvements Phase II	20.205	STPUL-2558(002)	873,500	
<b>Subtotal Highway Planning and Construction</b>			<b>2,003,314</b>	<b>-</b>
<b>Total Department of Transportation</b>			<b>\$ 2,032,185</b>	<b>\$ -</b>
<b>TOTAL FEDERAL DIRECT AND INDIRECT EXPENDITURES</b>			<b>\$ 2,382,626</b>	<b>\$ 57,022</b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF STATE AND LOCAL FINANCIAL ASSISTANCE**

For the Year Ended December 31, 2009

<u>GRANTOR/PROGRAM TITLE</u>	<u>OTHER IDENTIFICATION NUMBER</u>	<u>CURRENT YEAR EXPENDITURES</u>
<b>Transportation Improvement Board</b>		
<b>Urban Arterial Programs</b>		
Olympic View Drive/168th St. SW to 76th Ave. W	8-1-140(018)-1	269,517
Olympic View Drive/168th St. SW to 76th Ave. W	8-1-140(018)-2	1,049,864
<b>Total Transportation Improvement Board</b>		<b>\$ 1,319,381</b>
<b>Department of Ecology</b>		
Waste Reduction and Recycling	G0800224	<b>\$ 16,800</b>
<b>Washington State Department of Transportation</b>		
Highways and Local Programs State Funding/ Bicycle Route Striping and Signing	HLP-PB06(020)	<b>\$ 148,287</b>
<b>Washington Auto Theft Prevention Authority</b>		
Auto Theft Task Force through Snohomish County	N/A	112,063
Auto Theft Task Force through WASPC	N/A	29,991
<b>Total Washington Auto Theft Prevention Authority</b>		<b>\$ 142,054</b>
<b>Washington State Department of Health</b>		
Trauma Care Fund/Prehospital Participation	FY09-31M07	<b>\$ 1,726</b>
<b>Washington Traffic Safety Commission</b>		
Speeding Program: Alderwood Mall Boulevard & Pkwy	N/A	69,704
School Zone Equipment Grant	N/A	295
School Zone Equipment Grant	N/A	3,244
School Zone Equipment Grant	N/A	7,464
Speeding Program Equipment Grant	N/A	3,365
<b>Total Washington Traffic Safety Commission</b>		<b>\$ 84,071</b>
<b>SUBTOTAL STATE ASSISTANCE</b>		<b>\$ 1,712,318</b>

The accompanying notes to the Schedule of Expenditures of State and Local Financial Assistance are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF STATE AND LOCAL FINANCIAL ASSISTANCE**

For the Year Ended December 31, 2009

<u>GRANTOR/PROGRAM TITLE</u>	<u>OTHER IDENTIFICATION NUMBER</u>	<u>CURRENT YEAR EXPENDITURES</u>
<b>Washington State Military Department</b>		
Disaster Reimbursement	N/A	<u>\$ 9,520</u>
<b>Washington State Patrol</b>		
Fire Marshall/Fire Mobilization	N/A	<u>\$ 11,399</u>
<b>Washington State Recreation and Conservation Funding Board</b>		
North Lynnwood Park Aquatic Playground	06-1648C	173,152.36
Daleway Park Aquatic Playground	06-2116C	<u>157,432.66</u>
<b>Total Washington State Recreation and Conservation Funding</b>		<u>\$ 330,585</u>
<b>Washington State Arts Commission</b>		
Mid-sized Art Organization Program	MAO2010173	<u>\$ 8,000</u>
<b>TOTAL STATE ASSISTANCE</b>		<u><u>\$ 2,071,822</u></u>
<b>Snohomish County</b>		
Human Services Department	A-09-75-06-167	6,717
Snohomish County Construction Contribution	N/A	<u>150,000</u>
<b>Total Snohomish County</b>		<u>\$ 156,717</u>
<b>Community Transit</b>		
196th St SW Transit Signal Priority Project	07CALT0036	<u>\$ 25,779</u>
<b>TOTAL STATE AND LOCAL ASSISTANCE</b>		<u><u>\$ 2,254,318</u></u>

The accompanying notes to the Schedule of Expenditures of State and Local Financial Assistance are an integral part of this schedule.

## **NOTES TO THE SCHEDULES OF EXPENDITURES OF FINANCIAL ASSISTANCE**

For the Year Ended December 31, 2009

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### **NOTE 1 -- BASIS OF ACCOUNTING**

The Schedules of Expenditures of Federal Awards and of State and Local Financial Assistance are prepared on the same basis of accounting as the City's financial statements. The City uses the accrual basis of accounting.

### **NOTE 2 -- PROGRAM COSTS**

The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

### **NOTE 3 -- NOT APPLICABLE (N/A)**

The City was unable to obtain other identification numbers.

### **NOTE 4 -- AMOUNTS AWARDED FOR MEETING SPECIFIC GOALS**

The amount shown was awarded through the 2009 NRPA ACHIEVE program for meeting certain goals, not for reimbursement of direct costs.

### **NOTE 5 -- AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009**

Expenditures for these programs were funded by ARRA.

ARRA - Regional Transit Pedestrian Bridge

ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program

## STATISTICAL SECTION

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

Revenue Capacity ..... 150

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

Debt Capacity..... 154

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information ..... 160

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

Operating Information..... 162

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

## NET ASSETS BY COMPONENT

Last Eight Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$47,384	\$56,334	\$73,527	\$60,585	\$94,387	\$95,505	\$101,902	\$112,113
Restricted	13,328	11,181	18,105	8,734	11,482	11,403	10,824	5,317
Unrestricted	17,970	26,409	14,501	15,588	13,787	15,684	10,394	1,058
Total governmental activities net assets	<u>\$78,682</u>	<u>\$93,924</u>	<u>\$106,133</u>	<u>\$84,907</u>	<u>\$119,656</u>	<u>\$122,592</u>	<u>\$123,120</u>	<u>\$118,488</u>
Business-type activities								
Invested in capital assets, net of related debt	\$41,056	\$43,767	\$41,982	\$43,655	\$44,707	\$44,126	\$39,047	\$37,485
Restricted	3,220	881	(118)	779	695	645	6,202	5,841
Unrestricted	11,345	10,593	10,616	9,118	7,937	9,060	8,821	8,046
Total business-type activities net assets	<u>\$55,621</u>	<u>\$55,241</u>	<u>\$52,480</u>	<u>\$53,551</u>	<u>\$53,339</u>	<u>\$53,831</u>	<u>\$54,070</u>	<u>\$51,372</u>
Primary government								
Invested in capital assets, net of related debt	\$88,440	\$100,102	\$115,508	\$104,239	\$139,094	\$139,631	\$140,949	\$149,598
Restricted	16,548	12,062	17,987	9,513	12,177	12,048	17,026	11,158
Unrestricted	29,315	37,001	25,117	24,705	21,724	24,744	19,215	9,104
Total primary government net assets	<u>\$134,303</u>	<u>\$149,165</u>	<u>\$158,613</u>	<u>\$138,458</u>	<u>\$172,995</u>	<u>\$176,423</u>	<u>\$177,190</u>	<u>\$169,860</u>

It is recommended that this information be presented starting with the fiscal year in which the City first implemented GASB Statement 34  
The City implemented GASB Statement 34 in 2002.

## CHANGES IN NET ASSETS

Last Eight Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities								
General Government	\$5,728	\$6,409	\$6,518	\$6,311	\$6,884	\$7,087	\$7,947	\$8,953
Public Safety	16,696	16,836	18,424	18,746	21,015	23,222	25,203	27,527
Physical Environment	3,423	3,621	3,737	3,508	4,122	4,407	4,594	5,027
Transportation	2,472	2,218	2,209	2,189	4,968	5,184	6,052	5,067
Human Services	324	356	432	383	458	498	616	718
Culture and Recreation	6,314	5,039	7,002	6,552	6,658	7,154	6,507	7,039
Interest on long-term debt	1,451	1,130	1,063	981	959	828	669	660
Total governmental activities expenses	36,407	35,609	39,385	38,671	45,064	48,380	51,588	54,991
Business type activities:								
Water	3,194	3,171	3,348	3,202	3,551	3,604	3,855	4,131
Sewer	5,104	5,315	5,294	5,498	5,712	5,945	6,287	6,556
Golf	946	912	897	941	832	999	1,019	1,101
Storm Water	539	652	645	825	920	1,088	1,304	1,330
Total business-type activities expenses	9,783	10,050	10,183	10,467	11,015	11,636	12,465	13,118
Total primary government expenses	\$46,190	\$45,658	\$49,568	\$49,138	\$56,079	\$60,016	\$64,053	\$68,109
<b>Program Revenues</b>								
Governmental activities								
Charges for services								
General government	\$1,242	\$1,460	\$3,269	\$3,680	\$3,314	\$5,465	\$6,798	\$6,563
Culture and recreation	1,049	1,169	2,670	1,741	1,652	1,185	1,913	1,766
Other activities	3,780	5,265	3,159	2,104	1,979	3,452	3,305	2,752
Operating grants and contributions	1,870	967	908	982	1,061	1,690	1,045	1,270
Capital grants and contributions	6,697	14,101	10,993	4,135	1,938	1,887	3,918	4,810
Total governmental activities program revenues	14,638	22,961	21,000	12,643	9,944	13,679	16,979	17,161
Business-type activities								
Charges for services								
Water	2,535	2,687	2,700	2,844	3,063	3,145	3,075	3,234
Sewer	4,123	4,723	4,895	5,019	5,218	5,856	6,575	6,720
Golf	1,341	1,323	1,280	1,269	1,205	1,199	1,075	1,070
Storm Water	726	766	773	770	785	1,298	1,837	1,796
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	482	793	457	1,833	855	666	205	96
Total business-type activities revenues	9,207	10,292	10,106	11,734	11,126	12,164	12,767	12,916
Total primary government program revenue	\$23,845	\$33,254	\$31,107	\$24,377	\$21,070	\$25,843	\$29,746	\$30,077
<b>Net (expenses)/revenue</b>								
Governmental activities	(\$21,769)	(\$12,647)	(\$18,385)	(\$26,028)	(\$35,120)	(\$34,701)	(\$34,609)	(\$37,830)
Business type activities	(576)	243	(77)	1,267	111	528	302	(202)
Total primary government net expense	(\$22,345)	(\$12,405)	(\$18,462)	(\$24,761)	(\$35,009)	(\$34,173)	(\$34,307)	(\$38,032)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities								
Taxes								
Property taxes	\$7,391	\$7,957	\$8,096	\$8,391	\$8,762	\$9,788	\$10,168	\$10,008
Sales taxes	15,236	16,080	16,792	18,339	19,550	20,573	19,255	15,844
Other taxes	1,503	2,213	2,285	3,252	4,413	4,267	3,752	4,359
Investment earnings	2,467	930	1,150	1,237	1,533	1,965	1,643	802
Miscellaneous	721	(1)	(500)	60	2,447	23	617	(79)
Transfers	341	542	2,532	563	481	532	496	2,571
Total governmental activities	27,657	27,720	30,356	31,841	37,186	37,148	35,931	33,505
Business-type activities								
Taxes	-	(368)	(366)	-	-	-	-	-
Investment earnings	760	252	201	307	469	496	434	205
Transfers	(341)	(542)	(2,532)	(563)	(481)	(532)	(496)	(2,701)
Total business-type activities	419	(658)	(2,697)	(256)	(12)	(36)	(62)	(2,496)
Total primary government	\$28,076	\$27,062	\$27,658	\$31,585	\$37,174	\$37,112	\$35,869	\$31,009
<b>Changes in Net Assets</b>								
Governmental activities	\$5,888	\$15,073	\$11,971	\$5,813	\$2,066	\$2,447	\$1,322	(\$4,325)
Business-type activities	(157)	(415)	(2,774)	1,011	99	492	240	(2,698)
Total primary government	\$5,731	\$14,657	\$9,197	\$6,824	\$2,165	\$2,939	\$1,562	(\$7,023)

It is recommended that this information be presented starting with the fiscal year in which the City first implemented GASB Statement 34  
The City implemented GASB Statement 34 in 2002.

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General Fund								
Reserved	\$102	\$139	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	7,287	6,256	5,331	6,596	6,197	6,197	6,106	(116)
Total General Fund	<u>\$7,388</u>	<u>\$6,395</u>	<u>\$5,331</u>	<u>\$6,596</u>	<u>\$6,197</u>	<u>\$6,197</u>	<u>\$6,106</u>	<u>(\$116)</u>
All other governmental funds								
Reserved	\$3,174	\$3,218	\$3,081	\$2,227	\$2,160	\$2,038	\$1,943	\$2,161
Unreserved	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-
Special revenue funds	9,485	9,853	8,459	8,871	8,935	9,824	6,896	5,305
Capital project funds	10,323	9,276	7,972	6,373	9,092	8,890	8,880	3,173
Permanent funds	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$30,369</u>	<u>\$28,742</u>	<u>\$24,843</u>	<u>\$24,067</u>	<u>\$26,384</u>	<u>\$26,949</u>	<u>\$23,825</u>	<u>\$10,523</u>

It is recommended that this information be presented starting with the fiscal year in which the City first implemented GASB Statement 34  
The City implemented GASB Statement 34 in 2002.

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>								
Taxes	\$23,929	\$25,459	\$26,327	\$29,174	\$31,910	\$33,706	\$32,157	\$ 29,139
Licenses and permits	1,503	1,595	1,913	2,143	1,818	2,673	2,411	1,972
Intergovernmental	9,137	8,893	8,369	6,981	4,471	5,095	7,354	8,500
Charges for services	2,625	3,024	2,861	2,597	2,711	3,091	4,000	3,879
Fines	2,055	2,207	1,992	1,927	1,902	3,901	5,081	4,803
Investment earnings	2,319	840	1,071	1,099	1,362	1,747	1,457	701
Miscellaneous	462	617	463	493	479	397	478	443
<b>Total revenues</b>	<b>42,031</b>	<b>42,635</b>	<b>42,995</b>	<b>44,413</b>	<b>44,653</b>	<b>50,610</b>	<b>52,938</b>	<b>49,437</b>
<b>Expenditures</b>								
General government	5,793	6,908	6,698	6,567	7,114	7,906	8,751	9,623
Public safety	16,270	16,254	17,765	18,265	20,164	22,127	24,020	26,498
Physical Environment	3,738	3,596	3,986	3,707	3,942	4,376	4,703	5,070
Transportation	2,297	1,709	1,693	1,711	2,608	2,850	3,722	2,039
Health and Human Services	324	356	432	383	458	498	616	718
Culture and recreation	5,832	4,488	6,444	6,005	6,065	6,612	6,018	6,590
Capital outlay	8,599	8,656	8,637	5,560	2,241	2,379	6,524	12,721
Debt service								
Principal	1,850	1,570	1,734	2,712	1,576	1,488	1,501	5,818
Interest	1,363	1,053	992	917	904	781	669	643
Other charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>46,066</b>	<b>44,590</b>	<b>48,380</b>	<b>45,828</b>	<b>45,072</b>	<b>49,017</b>	<b>56,524</b>	<b>69,720</b>
<b>Excess of revenues over (under) expenditure</b>	<b>(4,035)</b>	<b>(1,955)</b>	<b>(5,384)</b>	<b>(1,415)</b>	<b>(419)</b>	<b>1,593</b>	<b>(3,586)</b>	<b>(20,283)</b>
<b>Other financing sources (uses)</b>								
Transfers in	9,213	5,637	8,413	6,428	6,673	6,521	11,875	16,650
Transfers out	(9,288)	(5,325)	(8,182)	(5,897)	(6,312)	(7,640)	(11,919)	(14,296)
Refunding bonds issued								4,755
Bonds issued								
Premium on bonds								
Discount on bonds								
Payments to refunded bond escrow								
Capital leases	378		534					
Sale of capital assets	334	(30)	17	101	2,465	-	702	4
<b>Total other financing sources (uses)</b>	<b>637</b>	<b>282</b>	<b>783</b>	<b>632</b>	<b>2,826</b>	<b>(1,119)</b>	<b>658</b>	<b>7,113</b>
<b>Net change in fund balances</b>	<b>(\$3,398)</b>	<b>(\$1,674)</b>	<b>(\$4,601)</b>	<b>(\$783)</b>	<b>\$2,407</b>	<b>\$474</b>	<b>(\$2,928)</b>	<b>(\$13,170)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.38%</b>	<b>7.87%</b>	<b>7.36%</b>	<b>9.91%</b>	<b>6.15%</b>	<b>5.11%</b>	<b>4.54%</b>	<b>12.78%</b>

It is recommended that this information be presented starting with the fiscal year in which the City first implemented GASB Statement 34  
The City implemented GASB Statement 34 in 2002.

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Eight Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Gambling Tax</b>	<b>Admission Tax</b>	<b>Transient Lodging Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2002	\$7,391	\$15,236	\$494	\$265	\$255	\$326	\$163	\$24,129
2003	7,957	16,080	527	247	280	321	837	26,249
2004	8,096	16,792	564	250	297	376	799	27,174
2005	8,391	18,339	286	227	454	440	1,845	29,981
2006	8,762	19,550	310	208	574	505	2,817	32,726
2007	9,788	20,573	352	180	597	561	2,577	34,628
2008	10,168	19,255	373	160	552	578	1,289	32,375
2009	10,008	15,844	447	164	556	454	1,665	29,138

It is recommended that this information be presented starting with the fiscal year in which the City first implemented GASB Statement 34. The City implemented GASB Statement 34 in 2002.

## SALES TAX BY CATEGORY

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Building Materials	\$435,027	\$420,060	\$434,344	\$436,093	\$491,883	\$545,340	\$600,387	\$601,277	\$520,975	\$422,254
General Merchandise	2,272,592	2,157,230	2,120,088	2,084,205	2,115,789	2,240,525	2,326,330	2,370,311	2,204,709	2,011,909
Food Stores	262,740	219,222	230,744	234,020	224,102	189,199	187,119	229,282	236,293	245,354
Automotive/Gas	2,683,662	2,621,117	2,555,528	2,781,284	2,834,097	2,976,079	3,059,880	3,154,408	2,837,335	2,272,967
Apparel & Accessories	1,442,198	1,477,280	1,468,459	1,602,972	1,692,175	2,000,150	2,169,493	2,509,916	2,367,620	1,993,947
Furniture	657,836	686,988	635,652	617,177	648,171	808,945	881,811	947,054	750,055	468,765
Eating & Drinking	824,981	883,883	881,205	936,498	980,207	1,198,379	1,275,426	1,314,850	1,316,459	1,189,764
Misc Retail Trade	636,676	604,141	624,098	636,886	704,706	782,964	846,351	950,222	918,524	690,311
All Other	5,208,035	5,996,535	5,542,879	6,750,471	7,100,950	7,597,071	8,203,568	7,356,896	6,984,366	5,633,383
Totals	\$14,423,747	\$15,066,456	\$14,492,997	\$16,079,606	\$16,792,080	\$18,338,652	\$19,550,365	\$19,434,216	\$18,136,336	\$14,928,654

SOURCE: Financial Analyst

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

FISCAL YEAR	CITY OF LYNNWOOD				EDMONDS SCHOOL DISTRICT	SNOHOMISH COUNTY	WASH. STATE	OTHER	TOTAL
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL					
2000	2.328	0.355	0.000	2.683	4.950	1.580	3.580	0.380	13.173
2001	2.695	0.055	0.000	2.750	4.522	1.416	3.400	0.390	12.478
2002	2.265	0.500	0.000	2.765	4.523	1.429	3.287	0.341	12.345
2003	2.319	0.500	0.000	2.819	4.603	1.367	3.184	0.355	12.328
2004	1.999	0.420	0.000	2.419	3.501	1.209	2.953	0.273	10.355
2005	1.950	0.420	0.000	2.370	3.986	1.098	2.789	0.243	10.486
2006	1.780	0.380	0.000	2.160	3.740	1.000	2.530	0.220	9.650
2007	1.590	0.500	0.000	2.090	3.510	0.840	2.160	0.180	8.780
2008	1.458	0.454	0.000	1.912	3.190	0.723	1.906	0.472	8.203
2009	1.426	0.443	0.000	1.869	3.188	0.716	1.909	0.478	8.160

NOTE: Rates are calculated per \$1,000 of assessed valuation.

SOURCE: Snohomish County Assessor's Office

# PRINCIPAL PROPERTY TAXPAYERS

December 31, 2009

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<b>Rank</b>	<b>Party Number</b>	<b>Name</b>	<b>Amount</b>	<b>Percentage of Total Taxable Assessed Value</b>
1	50878910	ALDERWOOD MALL LLC	\$134,355,100	2.48%
2	50903916	NORTHVIEW CORPORATE CENTER LLC	\$43,779,300	0.81%
3	50950203	ECI THREE ALDERWOOD LLC	\$41,441,500	0.76%
4	50975603	TRANSWESTERN INVESTMENT CO.	\$39,938,000	0.74%
5	50589161	ALDERWOOD PLAZA LLC	\$32,225,000	0.59%
6	21139127	LYNNWOOD CENTER LLC	\$31,246,692	0.58%
7	22263851	VERIZON NORTHWEST INC	\$25,914,020	0.48%
8	50964377	MACYS	\$23,695,500	0.44%
9	21062335	LYNNWOOD SQUARE	\$23,591,700	0.44%
10	50000521	FRED MEYER STORES INC	\$21,667,200	0.40%
11	50702174	ALDERWOOD SHOPPING CENTER 04 E LLC	\$21,069,000	0.39%
12	21062200	DESIGN R/E ASSOC LTD	\$20,704,000	0.38%
13	21002069	HASCO-WHISPER PINES	\$20,376,000	0.38%
14	50913989	WINDSOR CAPITAL GROUP	\$19,920,000	0.37%
15	50481325	KILBY CAROL D	\$19,089,000	0.35%
16	50967936	4711 200TH STREET LLC	\$19,059,000	0.35%
17	50531799	GFS ALDERWOOD LLC	\$18,227,500	0.34%
18	50867502	MATTESON LYNNWOOD INVESTORS I LLC	\$18,200,000	0.34%
19	11138798	WHISPERING CEDARS	\$17,835,000	0.33%
20	50596457	ALDERWOOD PARKWAY PLAZA LP	\$16,328,000	0.30%
21	21002273	JAMES VILLAGE LYNNWOOD INC	\$16,158,600	0.30%
22	50964291	BOLTZ FAMILY LLC	\$15,720,000	0.29%
23	50933539	RH LYNNWOOD CORP CENTER ASSOC LLC	\$15,716,300	0.29%
24	21002908	BRIGHTON ASSOC LTD	\$15,626,500	0.29%
25	21120409	APIC INC	\$15,326,000	0.28%
26	21176743	NORDSTROM INC	\$15,067,000	0.28%
27	21176738	SEARS ROEBUCK & CO	\$14,928,000	0.28%
28	50905050	H P PROPERTIES/ALDERWOOD LLC	\$14,587,000	0.27%
29	50790703	LOWE'S COMPANIES OF 285	\$13,978,000	0.26%
30	50851241	GOLDE CREEK PLAZA LP	\$13,890,000	0.26%

SOURCE: Snohomish County Tax Assessor's Office

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

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<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>PERCENT OF DELINQUENT TAXES TO TAX LEVY</u>
2000	\$7,069,627	\$6,824,493	96.5%	\$130,517	\$6,955,010	98.4%	\$342,700	4.85%
2001	7,138,371	6,929,204	97.1%	220,615	7,149,819	100.2%	346,263	4.85%
2002	7,382,101	7,035,838	95.3%	346,263	7,382,101	100.0%	317,024	4.29%
2003	7,647,158	7,489,959	97.9%	187,407	7,677,366	100.4%	287,253	3.76%
2004	7,868,683	7,670,711	97.5%	173,160	7,843,871	99.7%	274,429	3.49%
2005	8,145,373	7,982,692	98.0%	162,681	8,145,373	100.0%	267,261	3.28%
2006	8,554,006	8,396,237	98.2%	169,393	8,565,630	100.1%	245,534	2.87%
2007	9,634,738	9,414,049	97.7%	96,465	9,510,514	98.7%	305,242	3.17%
2008	9,962,083	9,776,666	98.1%	169,918	9,946,584	99.8%	246,230	2.47%
2009	10,130,180	9,864,428	97.4%	143,163	10,007,591	98.8%	362,870	3.58%

SOURCE: TREASURER'S OFFICE

## RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

FISCAL YEAR	POPULATION	ASSESSED VALUE (1)	GROSS BONDED DEBT	DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA	PERCENTAGE OF PERSONAL INCOME (2)
2000	32,990	\$2,635,336,634	\$12,582,292	\$316,896	\$12,265,396	0.47%	371.79	1.22%
2001	34,010	2,647,682,807	11,919,231	334,220	11,585,011	0.44%	340.64	0.95%
2002	33,090	2,677,290,610	11,154,121	349,562	10,804,559	0.40%	326.52	0.97%
2003	34,500	2,713,237,600	10,351,279	351,012	10,000,267	0.37%	289.86	0.93%
2004	34,540	3,258,200,242	10,330,693	373,237	9,957,456	0.31%	288.29	0.90%
2005	34,830	3,434,830,302	9,357,882	369,365	8,988,517	0.26%	258.07	0.88%
2006	35,230	3,967,684,480	8,367,053	331,943	8,035,110	0.20%	228.08	0.78%
2007	35,490	4,639,280,269	7,342,883	371,743	6,971,140	0.15%	196.43	0.67%
2008	35,680	5,198,902,581	6,252,663	301,707	5,950,956	0.11%	166.79	0.43%
2009	35,740	5,417,851,993	5,604,694	520,045	5,084,649	0.09%	142.27	0.33%

(1) Snohomish County Assessor's Office

(2) See the Schedule of Demographic Statistics for personal income information

## REVENUE BOND COVERAGE WATER AND SEWER BONDS

Last Ten Fiscal Years

FISCAL YEAR	GROSS REVENUE	EXPENSE(1)	NET REVENUE AVAILABLE FOR DEBT SERVICE(2)	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2000	\$8,187,594	\$5,466,421	\$2,721,173	\$645,000	\$591,613	\$1,236,613	2.20
2001	7,819,527	5,245,698	2,573,829	675,000	563,878	1,238,878	2.08
2002	7,808,684	5,637,253	2,171,431	705,000	534,178	1,239,178	1.75
2003	8,035,341	5,827,720	2,207,621	740,000	502,453	1,242,453	1.78
2004	7,953,289	6,168,140	1,785,149	770,000	468,413	1,238,413	1.44
2005	8,930,174	6,786,181	2,143,993	810,000	432,223	1,242,223	1.73
2006	9,526,506	7,413,499	2,113,007	860,000	383,623	1,243,623	1.70
2007	10,858,862	7,923,301	2,935,561	905,000	332,023	1,237,023	2.37
2008	11,829,290	8,597,098	3,232,192	835,000	405,850	1,240,850	2.60
2009	11,957,267	9,285,421	2,671,846	1,060,000	372,450	1,432,450	1.87

\* As defined in applicable bond indentures or governing laws. City funds represented include the Waterworks Utility, which includes interest

- (1) Total expenses exclusive of depreciation and amortization.  
 (2) Gross revenue in column (2) minus expenses in column (3).

## SPECIAL ASSESSMENT COLLECTIONS

Last Ten Fiscal Years

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<u>FISCAL YEAR</u>	<u>CURRENT ASSESSMENT DUE (1)</u>	<u>CURRENT ASSESSMENT COLLECTED</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>
2000	1,010,224	792,972	78.49%
2001	799,996	726,377	90.80%
2002	731,306	685,988	93.80%
2003	691,209	684,311	99.00%
2004	688,499	511,968	74.36%
2005	512,566	501,327	97.81%
2006	503,514	488,000	96.92%
2007	493,486	492,728	99.85%
2008	488,056	481,326	98.62%
2009	485,294	477,860	98.47%

(1) Current assessments billed excluding delinquencies

(2) High collected amount due to early payoff of LID Liabilities

Note: Invoiced the year before payment is due.

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2009

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<u>JURISDICTION</u>	<u>NET G.O. DEBT OUTSTANDING (1)</u>	<u>PERCENTAGE APPLICABLE TO LYNNWOOD (2)</u>	<u>AMOUNT APPLICABLE TO LYNNWOOD</u>
City of Lynnwood	<u>\$7,517,951</u>	100.00%	<u>\$7,517,951</u>
OVERLAPPING			
Edmonds School District	266,270,000	23.204%	61,785,333
Stevens Hospital	3,105,000	21.606%	670,874
Snohomish County	<u>370,219,628</u>	<u>5.315%</u>	<u>19,851,508</u>
TOTAL OVERLAPPING	<u>639,594,628</u>		<u>82,307,715</u>
<b>TOTALS</b>	<b><u><u>\$647,112,579</u></u></b>		<b><u><u>\$89,825,666</u></u></b>

(1) Source: Treasurer's Office, Snohomish County Treasury Department, Stevens Hospital, and Edmonds School District

(2) Source: Snohomish County Assessors Office

## SCHEDULE OF LIMITATION OF INDEBTEDNESS

December 31, 2009

		<b>REMAINING DEBT CAPACITY</b>
<b>Total Taxable Property Value</b>	<b>\$ 5,420,180,970</b>	
2.5% general purposes limit is allocated between:	\$ 135,504,524	
Up to 1.5% debt without a vote (councilmanic)	\$ 81,302,715	
Less: outstanding debt	7,517,950	
Less: contracts payable	-	
Less: excess of debt with a vote	-	
Add: available assets	520,738	
Equals: remaining debt capacity without a vote		\$ 74,305,503
1% general purposes debt with a vote	\$ 54,201,810	
Less: outstanding debt	-	
Less: contracts payable	-	
Add: available assets	-	
Equals: remaining debt capacity with a vote		\$ 54,201,810
2.5% utility purpose limit, voted	\$ 135,504,524	
Less: outstanding debt	-	
Less: contracts payable	-	
Add: available assets	-	
Equals: remaining debt capacity - utility purpose, voted		\$ 135,504,524
2.5% open space, park and capital facilities, voted	\$ 135,504,524	
Less: outstanding debt	-	
Less: contracts payable	-	
Add: available assets	-	
Equals: remaining debt capacity - open space park and capital facilities voted		\$ 135,504,524

SOURCE: TREASURER'S OFFICE

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

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<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA INCOME (1)</u>	<u>MEDIAN AGE (2)</u>	<u>SCHOOL ENROLLMENT(3)</u>	<u>UNEMPLOYMENT RATE (4)</u>
2000	33,200	1,003,768,800	30,234	35.7	9,635	4.8%
2001	34,010	1,219,734,640	35,864	34.7	10,994	5.9%
2002	33,990	1,110,691,230	32,677	35.3	7,176	8.4%
2003	34,500	1,080,264,000	31,312	35.19	7,921	8.0%
2004	34,540	1,104,036,560	31,964	34.91	8,664	5.6%
2005	34,830	1,017,036,000	29,200	35.61	10,777	4.8%
2006	35,230	1,028,716,000	29,200	35.71	10,828	4.1%
2007	35,490	1,036,308,000	29,200	35.76	10,336	4.5%
2008	35,680	1,392,126,560	39,017	35.76	9,840	5.2%
2009	35,740	1,522,881,400	42,610	35.81	7,438	9.5%

(1) Source: Puget Sound Regional Council from Bureau of Economic Analysis for Snohomish County 2008

(2) Source: Office of Financial Management, Olympia, Washington, for Snohomish County

(3) Source: Edmonds School District Administration

(4) Source: Washington State Employment Security Department for Snohomish County annual average for 2009

## PRINCIPAL EMPLOYERS

December 31, 2009

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TAXPAYER	RANK	EMPLOYEES	% OF TOTAL EMPLOYEES
NORDSTROM	1	448	2.24%
MACY'S	2	368	1.84%
VOLUNTEERS OF AMERICA	3	350	1.75%
COBALT GROUP, THE	4	286	1.43%
J C PENNEY	5	280	1.40%
FRED MEYER	6	217	1.09%
RECEIVABLES PERFORMANCE MGT	7	207	1.04%
TARGET CORP	8	185	0.93%
DIRECTTV HOME SERVICES	9	149	0.75%
PEMCO MUTUAL INSURANCE	10	149	0.75%
MANOR CARE HEALTH SERVICE	11	142	0.71%
SEARS ROEBUCK & CO	12	140	0.70%
RESCARE HOMECARE	13	139	0.70%
VERIZON NORTHWEST	14	128	0.64%
HARRIS FORD	15	126	0.63%
CLAIM JUMPER RESTAURANT	16	125	0.63%
LOWE'S	17	122	0.61%
24 HOUR FITNESS	18	120	0.60%
ALDERWOOD COMMUNITY SERVICES OFFICE	19	120	0.60%
KOHL'S	20	117	0.59%
COSTCO BUSINESS CENTER	21	115	0.58%
SMITHWRIGHT SERVICES	22	114	0.57%
OLD SPAGHETTI FACTORY, THE	23	110	0.55%
EMBASSY SUITES HOTEL	24	110	0.55%
P F CHANG'S CHINA BISTRO	25	101	0.51%
RED ROBIN AMERICAS GOURMET BURGERS & SPIRITS	26	101	0.51%
TOTAL		<hr/> 4569	

Information is from City of Lynnwood's Tax Tools software  
Total employees in 2009 - 16,054

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Nine Fiscal Years  
Full-Time Equivalent Employees as of December 31

FUNCTION	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	92.25	95.25	94.75	94.75	94.75	95.60	97.25	91.50	95.50
Public Safety									
Police									
Officers	65.50	66.50	66.50	68.50	68.50	68.50	72.50	77.00	78.00
Civilians	13.00	13.00	14.00	14.00	14.00	14.00	14.00	16.00	15.00
Detention and Corrections	12.00	12.00	12.00	12.00	12.00	13.00	15.00	16.00	17.00
Animal Control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire									
Firefighters and Officers	43.25	43.25	54.00	54.00	54.00	55.00	55.00	57.00	57.00
Civilians	2.25	2.25	2.25	2.25	2.25	2.15	2.15	3.00	2.50
Public Works									
Engineering and Inspections	19.00	19.00	17.00	17.00	17.00	17.00	16.00	24.50	16.00
Street Maintenance	25.00	27.50	25.50	25.50	25.50	25.00	20.00	20.00	10.00
Water	6.00	10.30	9.00	9.00	9.00	9.00	9.00	5.00	8.50
Sewer	19.50	14.70	17.00	17.00	17.00	17.00	17.00	15.00	19.50
Storm Drainage	2.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00
Culture and Recreation	50.50	50.50	48.25	48.25	48.25	48.25	49.60	51.00	36.00
Totals	352.25	360.25	366.25	368.25	368.25	370.50	373.50	382.00	363.00

Note: This was a new schedule in 2001. The City will continue to add a year until the ten year period is reached.

Information obtained from City of Lynnwood Human Resources Department.

## OPERATING INDICATORS BY FUNCTION

Last three fiscal years

FUNCTION	2007	2008	2009
General Government			
Business Licenses - Resident	2,581	2,549	2,536
Business Licenses - Non-Resident	1,662	1,793	1,724
Building Permits	1,969	2,084	1,729
Public Safety			
Police			
Physical arrests (UCR)	3,590	3,695	3,656
Inmates Booked	5,881	6,237	6,629
Traffic Violations	18,430	19,327	21,770
Fire			
Number of calls answered	6,421	6,354	6,325
Inspections	2,490	2,726	3,038
Transportation			
Street resurfacing (Miles)	4.25	6.38	0
Potholes repaired	N/A for 2007	N/A for 2008	43
Culture and recreation			
Total recreation program registrations	28,071	30,532	34,600
Recreation center usage	102,110	109,348	104,733
Water			
New connections	44	18	97
Average daily consumption		4156 ccf	4369 ccf
hydrants inspected/repaired	1,487	1,607	1,646
Sewer			
Average daily sewage treatment	4 MGD	4 MGD	4 MGD

Information obtained from various City departments responsible for the above functions.

This is a new schedule for the City and was first presented in 2007.

## CAPITAL ASSET STATISTICS BY FUNCTION

Last three fiscal years

<b>FUNCTION</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Public Safety			
Police			
Number of stations	1	1	1
Number of patrol units	31	33	37
Fire			
Number of stations	2	2	2
Transportation			
Miles of streets	101.4	101.4	102.5
Number of signals	55	56	56
Number of street lights	2300	2335	2335
Culture and recreation			
Number of parks	17	17	17
Open space and undeveloped parks	125	125	123
Miles of trails outside of parks	7.1	7.1	7.1
Golf courses	1	1	1
Recreation centers	1	1	1
Senior centers	1	1	1
Water			
Number of consumers	8397	8414	8511
Miles of water mains	120	138	169
Fire hydrants	1487	1607	1646
Sewer			
Miles of sanitary sewers	102.8	96.6	106.7
Number of sewer customers	8032	8045	8057
Maximum daily treatment plant capacity	14 MGD	14 MGD	14 MGD

Information obtained from various City departments responsible for the above functions.

This is a new schedule for the City and was first presented in 2007.