

City of Everett, Washington

Comprehensive Annual Financial Report

for the Year Ended December 31, 2009



PUBLIC SAFETY * PUBLIC SAFETY * PUBLIC SAFETY



**CITY OF EVERETT,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2009

**CHIEF FINANCIAL OFFICER
DEBRA BRYANT**

PREPARED BY

DEPARTMENT OF FINANCE

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July 8, 2010

Mr. Ray Stephanson, Mayor and
Everett City Council
City of Everett
Everett, Washington

Dear Mayor Stephanson and City Council Members:

The City of Everett Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2009, is hereby submitted.

The CAFR consists of management's representations concerning the finances of the City of Everett (City). Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government'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 Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by the Washington State Auditor's Office. The independent auditor issued an unqualified ("clean") opinion that the City of Everett's financial statements, for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City's Single Audit Report is issued separately and is available upon request.

Another state mandate requires the Washington State Auditor's Office perform additional tests of compliance with state laws and regulations as required by the Revised Code of Washington (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the Constitution of the State of Washington, its own ordinances and orders, and the requirements of the State Auditor's Office. The City's State compliance report is also available separately upon request.

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

THE CITY OF EVERETT AND ITS SERVICES

The City of Everett was incorporated on May 4, 1893. Located at the mouth of the Snohomish River, Everett is 28 miles north of Seattle and 85 miles south of the Canadian border. The City, built along the shores of Port Gardner Bay, encompasses roughly 42 square miles of land and is bordered by 10 miles of freshwater and 11 miles of saltwater shoreline. The City currently serves a population of 103,500.

Everett operates under a Mayor-Council form of government. Under its charter, it has all powers granted to like cities by the Constitution and laws of the State of Washington. The City is a general purpose governmental entity and provides the full range of municipal services allowed by statute or charter. These services include police, fire, emergency medical, street maintenance, planning and zoning, libraries, parks and recreation, and general administrative services. In addition to its general government services, the City operates five enterprises: water and sewer utility, solid waste (recycling) utility, two golf courses, a transit system, and a parking garage.

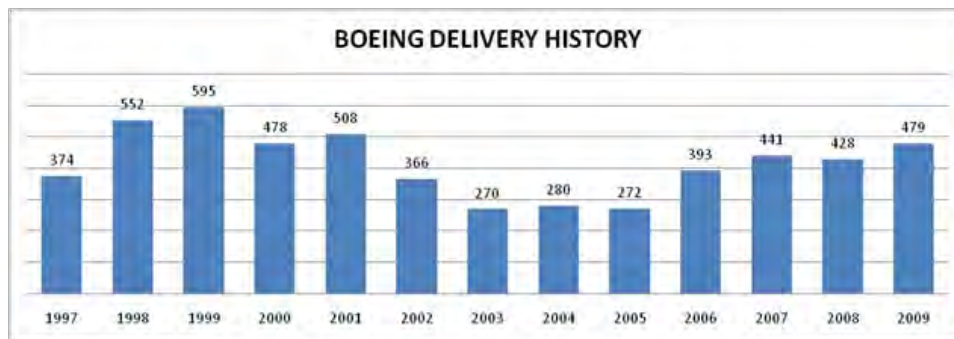
The City also includes, as part of its reporting entity, the Industrial Development Corporation, a nonprofit corporation authorized to facilitate the issuance of tax-exempt, nonrecourse revenue bonds, and the Everett Public Facilities District (EPFD), a municipal corporation of the State of Washington established to finance, design, construct, operate, and maintain Comcast Arena at Everett. Additional information on these separate legal entities can be found in Note 1A in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt a final budget prior to the start of the ensuing fiscal year and prior to the expenditure of any City funds. Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget. With the exception of construction funds, which receive project-life budget authority through plans and systems ordinances, activities of all City funds are included in the annual budget process. A budget increase or decrease to a fund must be authorized by the City Council via ordinance, while appropriations within a fund may be moved internally with the Mayor's approval.

LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Everett operates.

The Boeing Company, along with ancillary companies that provide goods and services to Boeing, has long played an important role in the local economy. Consequently, Boeing's production cycle has a significant impact on both City revenues and the state of the local business community. The chart below illustrates the historical volatility of Boeing's airplane deliveries. Deliveries in 2009 were up from 2008, primarily due to a labor strike in 2008 that lasted for approximately 2 months. The first delivery of the new 787 Dreamliner, which is being assembled in Everett, is slated for the fourth quarter of 2010. We expect Boeing to deliver five 787's before the end of the year.

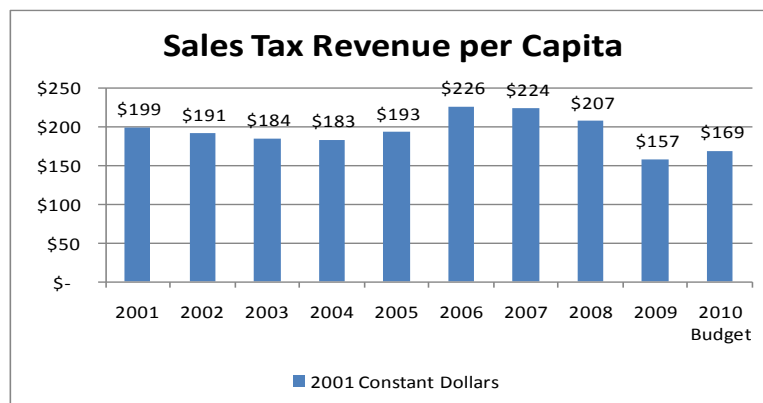


Although it looks like the National Bureau of Economic Research Committee will declare a technical end to the recession in mid 2009, the City continues to feel its effects and expects the recovery to be a slow and difficult process.

The housing market, a core factor of this recession, stabilized in the Puget Sound region in 2009. Home prices bottomed out in the first half of 2009 and then remained flat for the remainder of the year. Housing sales and permits both showed some signs of rebounding by year-end. While we do not expect to see a quick return to pre-recession levels, the downward progress in the market appears to have abated.

The unemployment rate in Snohomish County as of March 2010 was 9.7%, compared to 9.9% in Washington State and 10.2% in the U.S. as a whole. This is a small improvement from January's figures. We expect unemployment to continue on this gradual path towards recovery through 2010, pick up pace in 2011, and finally return to its pre-recession level in 2012.

The slowing economy has had an enormous impact on city sales tax revenues which represent 20% of the general government revenue budget for 2010. Sales tax revenues are expected to remain fairly flat for 2010 with modest growth in the next few years. The chart below, shown in constant dollars to eliminate the impact of inflation, magnifies the decline in sales tax revenue between 2008 and 2010. Local economists do not forecast a full recovery in real taxable retail sales until 2020.



LONG-TERM FINANCIAL PLANNING

The City uses a five-year forecasting model to plan for future budgetary impacts. On the expense side of the City's budget, maintaining a competitive compensation and benefits package in order to attract and retain a high quality workforce stands out as a challenge. On the revenue side, areas of concern include property tax growth restrictions, legislated tax shifts, decline in retail sales, and deferred aircraft production.

The city suspended contributions to the LEOFF 1 police and fire pension and OPEB (other post employment benefits) funds for one year to assist in balancing the 2010 budget. With this action, we still expect these funds to be fully funded by 2021 – three decades before obligations are complete.

In 2008, city council passed an ordinance establishing water and filtration rate increases to provide funds for environmental mandate compliance, infrastructure maintenance, and to finance inflation-based cost increases in operations and maintenance. Water and filtration rates will increase annually from the current charge of \$22.00 per month to \$26.70 per month in 2012. Sewer rates will increase annually from the current charge of \$42.40 per month to \$46.70 in 2012.

In 2009, the city issued \$40 million in water and sewer revenue bonds to finance certain capital improvements to the city's water and sewer system. Repayment will be from the increased user fees.

Looking forward, the city anticipates issuing \$10 million in limited tax general obligation bonds in 2010 for the purpose of paying for environmental remediation costs. The source of revenue to pay debt service on these bonds will be solid waste fees.

RELEVANT FINANCIAL POLICIES

City policy requires the regular monitoring and reporting of revenues and expenditures to Administration and City Council. This regular monitoring allowed the city to take proactive measures as the recession continued to negatively impact revenues in 2009. Mid-year, the city requested departments to cut back on spending in preparation for the continued economic downturn.

The city continues to adhere to its fund balance policy, set in 2004, that limits operating expenses to operating revenues and targets the General Fund balance at 20 percent of operating revenues. Part of this policy states that revenues in excess of operating expenditures may be transferred to a capital reserve, long term obligation, or debt service fund. Because departments succeeded in curbing expenditures, the city was able to follow this policy and pre-fund three of its reserve funds for 2010 - \$1.3 million to the motor vehicle reserve fund, \$457,000 to the facilities maintenance reserve fund and \$259,000 to the computer replacement reserve fund.

MAJOR INITIATIVES

In 2010, voters will be asked to reaffirm their commitment to the paramedic program by approving a six-year levy lid lift.

The city is proposing a B&O tax credit for businesses that increase employment by 50 or more employees to help spur economic development. Eligibility requirements and other limitations will be finalized in early 2010.

The city has affirmed its support of the development of commercial flights at Paine Field via Resolution 6057 passed in 2008. The Resolution cites a 2008 study, which indicated that the city could attract more and larger high-tech businesses if commercial air service were more convenient and that regularly scheduled passenger flights could stimulate tourism and other economic development in the region.

The Riverfront redevelopment area continued to move forward in 2009. In September 2007, the city was awarded Local Infrastructure Financing Tool (LIFT) grant money from the State of Washington to assist in the redevelopment of the riverfront. The grant will provide up to \$500,000 per year for 25 years, matching incremental tax revenue increases generated from the development. Work planned for 2010 includes a new roundabout access road, a bridge to the southern portion of the site, and initial design work for sewer and storm drainage.

The city was awarded \$25 million in new market tax credits (NMTC's) in October 2009. We anticipate that at least 90 percent of these credits will be deployed to benefit the Riverfront development projects within the next five years.

The city also continues to work with Artspace, a non-profit organization for the arts, and the Arts Council of Snohomish County, to create live-work space for artists and a community education center for the entire region. Construction of the new facility is expected to be complete in 2010.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Everett for its comprehensive annual financial report for the year ended December 31, 2008. This was the 12th consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of

achievement, the city must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. The efforts of the Accounting Division are especially instrumental in the compilation of the information required for preparing this report. All members of the department are to be commended for their consistent dedication to excellence in local government finance. It is to their credit that the citizens of the City of Everett can rely on this report as the definitive discussion of all City financial operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra Bryant", with a stylized flourish extending from the end.

Debra Bryant, CFO
Chief Administrative Assistant

**CITY OF EVERETT
PRINCIPAL OFFICIALS**

Elected Officials**Term Expires**

Mayor 12/31/09 Ray A. Stephanson

City Councilmembers:

Position No. 1 12/31/09 Paul Roberts

Position No. 2 12/31/09 Mark Olson

Position No. 3 12/31/09 Arlan Hatloe, President

Position No. 4 12/31/11 Ron Gipson

Position No. 5 12/31/11 Drew Nielsen

Position No. 6 12/31/11 Brenda Stonecipher

Position No. 7 12/31/11 Shannon Affholter, Vice President

Appointed Officials

Chief Administrative Officer-Chief Financial Officer Debra Bryant

Governmental Affairs Director Pat McClain

Executive Administrator Deborah Wright

Economic Development Director Lanie McMullin

City Attorney James D. Iles

Labor Relations/Services Director Sharon DeHaan

Chief of Police Jim Scharf

Fire Chief Murray Gordon

Parks & Recreation Director Paul Kaftanski

Library Director Eileen Simmons

Facilities/Property Management Director Carlton Gipson

Engineering/Public Services Director Dave Davis

Transportation / Transit Services Director Tom Hingson

Planning and Community Development Director Allan Giffen

Neighborhoods / Code Compliance Director Wendy McClure

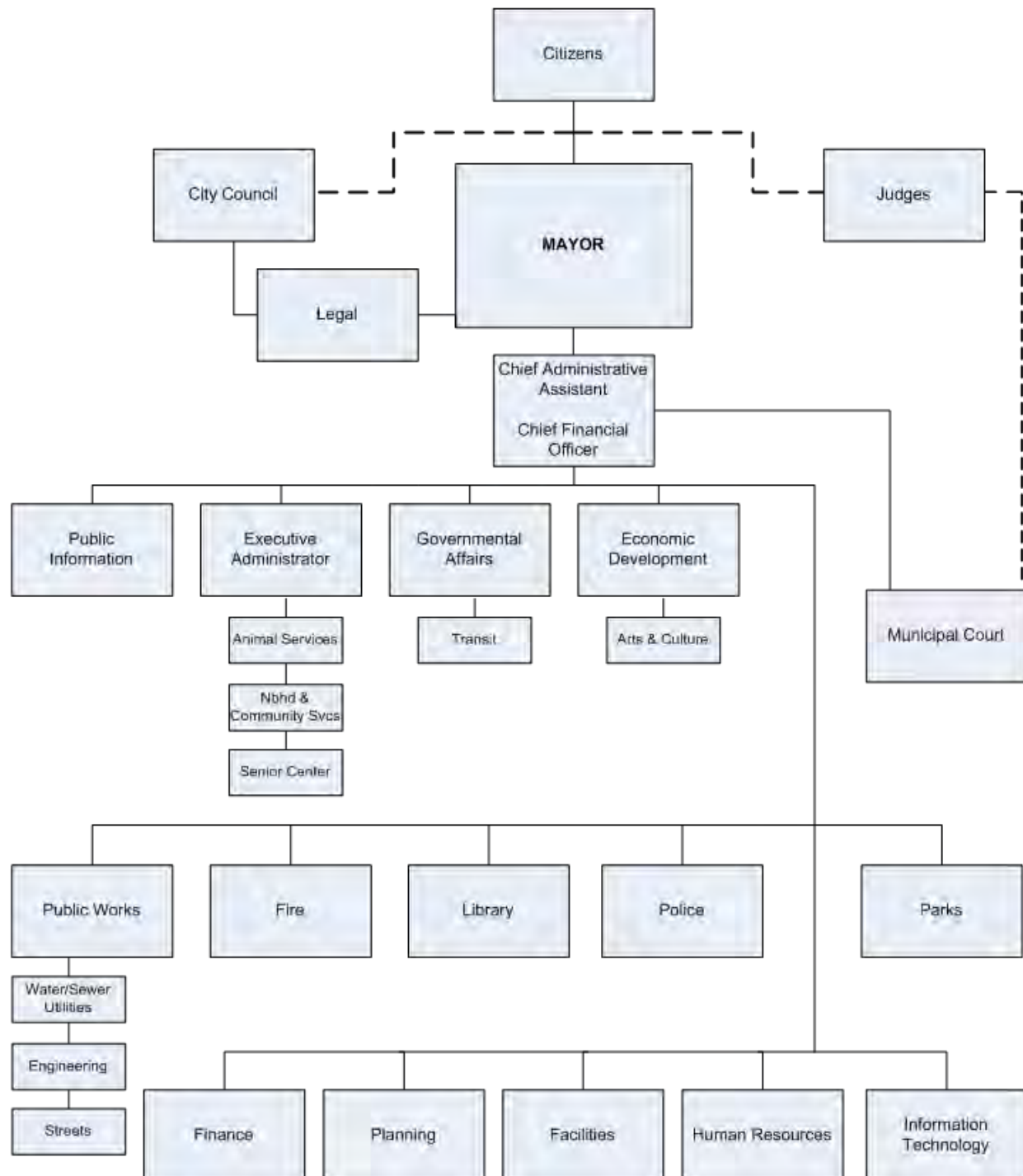
Public Information Director Kate Reardon

City Clerk Sharon Marks

Finance Manager/Treasurer Susy Haugen

City of Everett

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Everett
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.

President

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

Executive Director



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

July 8, 2010

Mayor
City of Everett
Everett, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Capital Improvement Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

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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 11 through 23, pension trust fund on pages 78 and information on other post-employment benefits on pages 79 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements and schedules on pages 81 through 144 and the single audit section on pages 177 through 180 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", is written over a horizontal line.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Everett's annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to review the City's financial performance as a whole. Please read it in conjunction with the Letter of Transmittal, the Financial Statements, and the Notes to the Financial Statements.

2009 FINANCIAL HIGHLIGHTS

- At December 31, 2009, the City's net assets, the amount by which total assets exceed total liabilities, totaled \$827 million. Of this amount, \$632 million, or 76%, is invested in capital assets, net of accumulated depreciation and related debt. Of the remaining net assets, \$145.4 million is unrestricted and may be used to meet the City's ongoing obligations.
- The government's overall financial position improved in 2009. The City's total net assets increased by \$7.6 million, or 1% in 2009. Governmental activities provided \$2.2 million of this increase and business type activities provided the balance, \$5.4 million.
- Total governmental activity revenues decreased dramatically from 2008, down \$12.4 million or 9.3%. Tax revenues represent the majority of the decline, directly reflecting the downturn in the economy. Of the major taxes, sales tax collections were down \$4.9 million, B&O taxes were down \$.6 million, and real estate excise taxes were down a total of \$1.7 million. Investment earnings also decreased a substantial \$3.5 million.
- As of December 31, 2009, the City's governmental funds reported a combined ending fund balance of \$121 million. Approximately 82% of this amount is unreserved and available for spending at the City's discretion.
- Governmental funds sold approximately 74 acres of real property in 2009 to the Utility Fund for \$13.7 million. The land is the potential future site of utilities' operating and administrative offices. At the fund level, the governmental funds reported the entire amount of the sale as a special item. In the proprietary funds, only the net appreciation of \$1.7 million was presented as a special item. The balance of \$11.9 million, the historical cost of the land, was capitalized in the Utility fund. At the government-wide level, the historical cost of the land, \$11.9 million was removed from the governmental activities capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The required components of the City's annual financial report include the Management's Discussion and Analysis (MD&A), the basic financial statements, and other required supplementary information. This discussion and analysis provides an overview of the City's basic financial statements, which consist of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

In addition to the required components, the City's annual report includes other voluntary supplementary information. The additional supplementary information includes a section with combining statements that provide details about the City's non-major funds and internal service funds -- each of which are added together and presented in single columns in the basic financial statements.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. They provide both short-term and long-term information about the City's financial status as a whole.

The government-wide statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover

all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The City also includes the Everett Public Facilities District (EPFD) as a discretely presented component unit in its report.

A component unit is a governmental unit over which the City can exercise influence and/or may be obligated to provide a financial subsidy. The EPFD is presented in a separate column in the government-wide statements. This presentation allows users of the government-wide financial statements to focus on the primary government as well as address the City's relative relationship with the EPFD.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. The Statement of Net Assets serves a purpose similar to that of the Balance Sheet of a private-sector business. Over time, increases or decreases in net assets may serve as one indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on the net cost of each governmental and business-type function as well as information on how the government's net assets changed during the fiscal year. This statement also separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). By separating program revenue from general revenue, users of the financial statements can identify the extent to which each program relies on taxes for funding.

All changes in net assets are reported using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. The accrual basis of accounting requires that revenues are reported when earned and expenses are reported when incurred, regardless of the timing of when cash is received or paid. For instance, uncollected taxes and unpaid vendor invoices for items received in the current fiscal year are included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until future fiscal periods.

FUND FINANCIAL STATEMENTS

While the government-wide statements look at the City as a whole and focus on types of activities (general government versus business-type activities), the fund financial statements provide a more detailed look at the City's individual major funds and combined fund types.

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 uses funds to ensure and demonstrate fiscal accountability and compliance with finance-related legal requirements. The City's funds fall into three types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for most of the City's tax-supported activities and 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, the focus of governmental fund financial statements is on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating whether there are more or less financial resources that can be spent in the near future to finance City services.

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund and the Capital Improvement Reserve Fund. These are the City's major governmental funds. Data from the remaining governmental funds are combined and presented in a single, aggregated column in the fund statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements following the basic financial statements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of 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 the governmental activities column in the government-wide statements to facilitate this comparison.

The City maintains budgetary controls over its governmental funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance

with state law, and are adopted on a fund level. General Fund budget variances are reviewed later in this discussion and analysis.

Proprietary funds are used to account for the City's business-type activities where all, or part, of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. The fund level statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the total assets and total liabilities between the two statements, you will notice only slight differences. One notable difference is that the "due from other funds" (asset) and the "due to other funds" (liability) are combined in a single line called "internal balances" in the asset section of the government-wide statement of net assets.

The City reports two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to report activities that provide supplies and services to various City departments and to accumulate and allocate the associated costs of providing these supplies and services to the various functions. The revenues and expenses of internal service funds that are duplicated in other funds are eliminated in the government-wide statements. Because the remaining balances primarily benefit governmental, rather than business-type activities, the internal service funds are aggregated and included within governmental activities in the government-wide statements.

The Proprietary Fund Balance Sheet and the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Equity present separate columns of financial data for the Water and Sewer Utility Fund and the Transit Fund. These are the City's major enterprise funds. Data from the remaining enterprise funds are combined and presented in a single, aggregated column in the fund statements. Individual fund data for each of the non-major enterprise funds, as well as the internal service funds, are provided in the form of combining statements following the basic financial statements.

Fiduciary Funds are used to account for resources held by the City in a trustee capacity, or as an agent for outside individuals or private organizations. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own operations. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets as part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

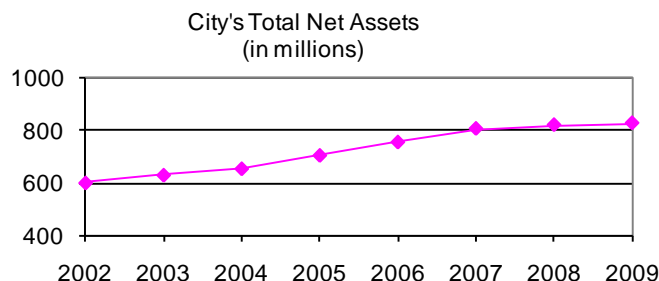
OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the City's Fire and Police Pension Funds and Other Post Employment Benefit Funds.

The combining statements referred to earlier for non-major governmental and enterprise funds, as well as internal services funds, are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, changes in net assets over time may serve as a useful indicator of a government's financial position. The City's total net assets at December 31, 2009, were \$827 million, an increase of \$7.6 million over the prior year-end, indicating the City's overall financial position improved during fiscal year 2009. As the chart below illustrates, the city's net assets have increased each of the last seven years.



Elements contributing to the change in net assets are discussed in the Governmental and Business-Type Activities Analysis sections, starting on pages 17 and 18, respectively. The table below presents a condensed version of the Government-Wide Statement of Net Assets.

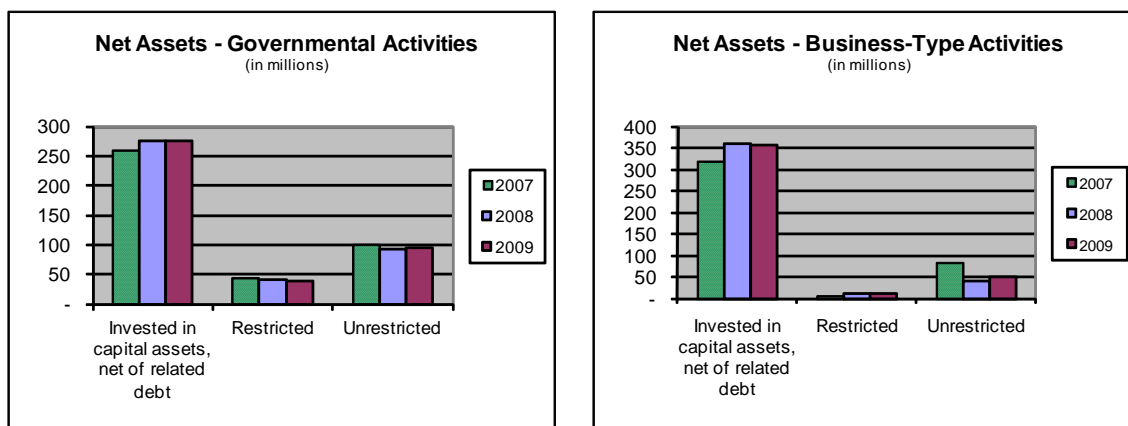
Table 1
City of Everett's Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 163,783	\$ 162,756	\$ 69,542	\$ 63,745	\$ 233,325	\$ 226,501
Capital assets (net of accumulated depreciation)	306,588	310,567	520,240	488,020	826,828	798,587
TOTAL ASSETS	470,371	473,323	589,782	551,765	1,060,153	1,025,088
Long-term liabilities	52,651	54,849	166,726	130,678	219,377	185,527
Other liabilities	6,718	9,641	6,782	10,263	13,500	19,904
TOTAL LIABILITIES	59,369	64,490	173,508	140,941	232,877	205,431
NET ASSETS						
Invested in capital assets, net of related debt	276,175	275,154	355,349	359,013	631,524	634,167
Restricted	38,886	41,472	11,483	10,665	50,369	52,137
Unrestricted (deficit)	95,941	92,207	49,442	41,146	145,383	133,353
TOTAL NET ASSETS	\$ 411,002	\$ 408,833	\$ 416,274	\$ 410,824	\$ 827,276	\$ 819,657

As depicted in the charts below, the majority of the City's net assets are invested in capital assets, which are used to provide services to citizens. Capital assets include streets, water/sewer lines and related infrastructure, land, buildings, equipment, etc., less any related outstanding debt used to acquire those assets. It should be noted that although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted assets represent resources that are subject to external restrictions on how they may be used. The Statement of Net Assets, found on page 25, further breaks out restricted assets into major categories. For example, \$6.7 million is restricted for capital projects that receive grant or real estate excise tax funding and must comply with grant guidelines and state law limitations. Other examples include the assets obtained through the Emergency Medical Services levy and criminal justice grant funding, which are restricted to public safety use.

2009 year-end unrestricted net assets of \$96 million in governmental activities and \$49 million in business-type activities may be used to meet ongoing obligations.



At December 31, 2009, the City reports positive balances in all three categories of net assets for both governmental and business-type activities. The same situation held true for the past eight years.

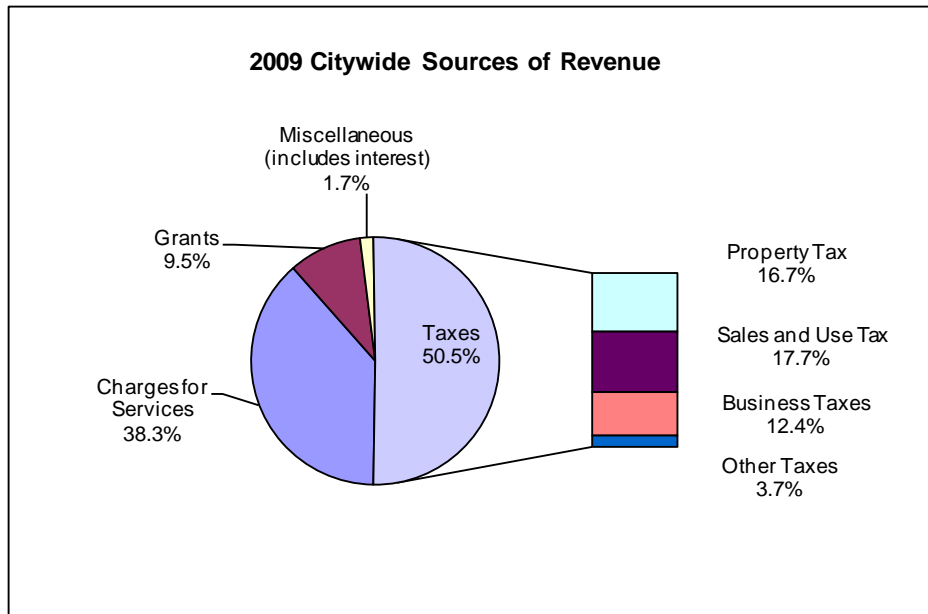
The table below is condensed financial information derived from the government-wide statement of activities comparing the current year to the prior year.

City of Everett's Changes in Net Assets

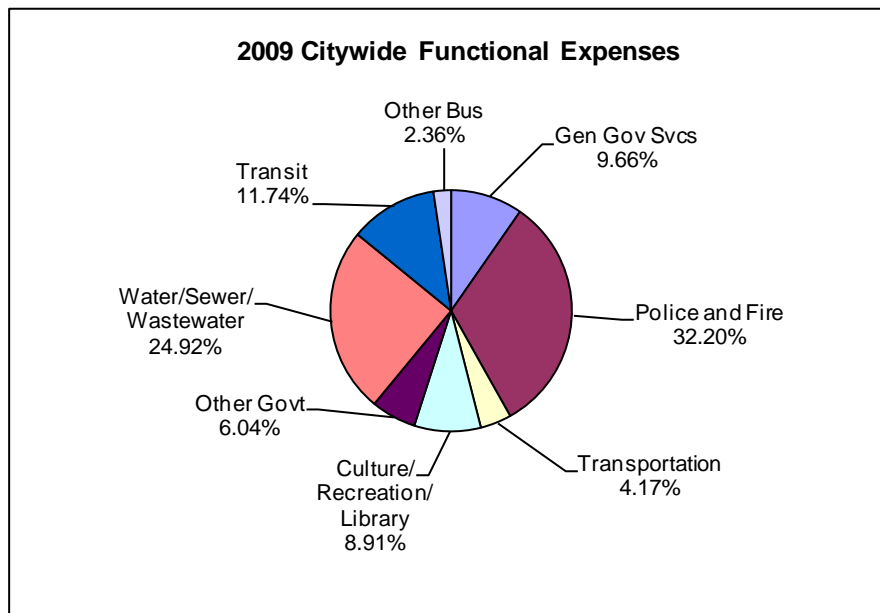
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 14,457	\$ 13,195	\$ 67,036	\$ 62,932	\$ 81,493	\$ 76,127
Operating grants and contributions	4,648	2,567	2,836	21	7,484	2,588
Capital grants and contributions	6,866	11,674	5,969	2,948	12,835	14,622
General revenues:						
Property taxes	35,659	35,226	-	-	35,659	35,226
Sales taxes	23,175	28,098	14,489	17,352	37,664	45,450
Business taxes	26,331	27,039	96	90	26,427	27,129
Other taxes	7,647	9,875	174	66	7,821	9,941
Interest and investment earnings	2,400	5,943	1,278	4,399	3,678	10,342
TOTAL REVENUES	\$ 121,183	\$ 133,617	\$ 91,878	\$ 87,808	\$ 213,061	\$ 221,425
Program Expenses						
Governmental activities:						
General government services	\$ 19,829	\$ 20,588	\$ -	\$ -	\$ 19,829	\$ 20,588
Police	36,489	33,872	-	-	36,489	33,872
Fire	29,593	28,426	-	-	29,593	28,426
Engineering & construction services	3,967	3,652	-	-	3,967	3,652
Transportation	8,557	8,972	-	-	8,557	8,972
Community services	7,584	7,586	-	-	7,584	7,586
Library	5,007	4,775	-	-	5,007	4,775
Culture and recreation	13,280	12,553	-	-	13,280	12,553
Interest on long-term debt	843	1,059	-	-	843	1,059
Business-type activities:						
Water	-	-	23,333	21,759	23,333	21,759
Sewer	-	-	24,535	23,714	24,535	23,714
Solid waste	-	-	3,264	1,053	3,264	1,053
Parking	-	-	273	305	273	305
Transit	-	-	24,093	20,200	24,093	20,200
Golf	-	-	4,578	4,287	4,578	4,287
TOTAL EXPENSES	\$ 125,149	\$ 121,483	\$ 80,076	\$ 71,318	\$ 205,225	\$ 192,801
Increase in net assets before transfers	\$ (3,966)	\$ 12,134	\$ 11,802	\$ 16,490	\$ 7,836	\$ 28,624
Special Items	-	(7,439)	-	(7,111)	-	-
Transfers	6,135	3,511	(6,135)	(3,511)	-	-
Increase in net assets	\$ 2,169	\$ 8,206	\$ 5,667	\$ 5,868	\$ 7,836	\$ 14,074
Net assets - beginning	408,833	400,627	410,824	404,989	819,657	805,616
Prior period adjustment	-	-	(217)	(33)	(217)	(33)
Net assets - ending	\$ 411,002	\$ 408,833	\$ 416,274	\$ 410,824	\$ 827,276	\$ 819,657

As shown in the chart below, taxes made up 50.5% of total revenue received by the city as a whole in 2009. This is down from 53.1% in 2008 due in large part to the decline in sales and B&O tax collections. Of the 38.3% in charges for services, 82% is from business-type activities.



The following chart compares the functional expenses of the City. The largest expense is the combined police and fire functions, making up nearly one third of the City's total expenses. A close second is the combined water/sewer/wastewater functions.

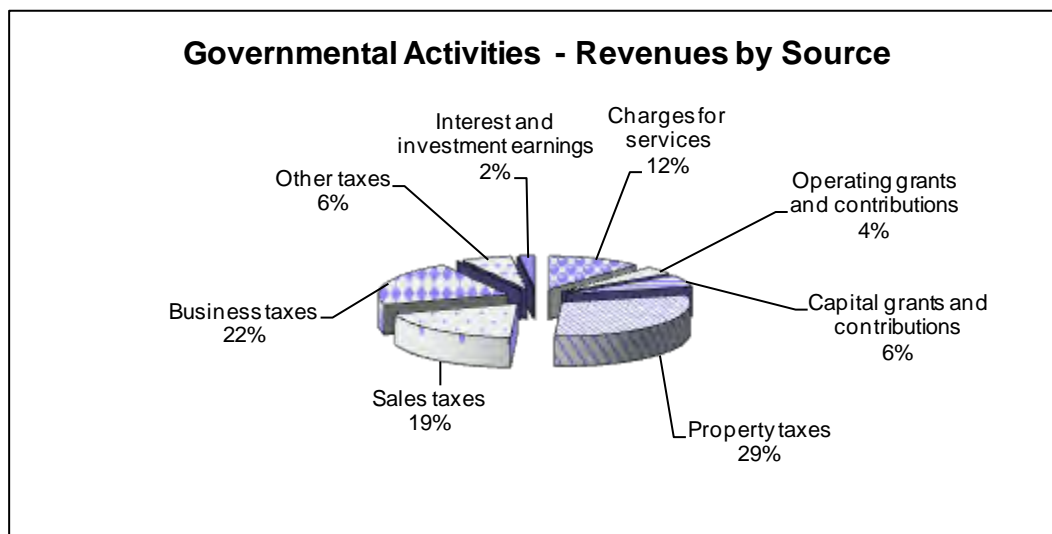


GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Changes in Net Assets, the total cost of all governmental activities in 2009 was \$125.1 million. Of this amount, \$26 million was paid for either by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The net expense (total expenses less program revenues) of \$99.2 million was the cost of governmental activity services paid primarily by city taxpayers.

Revenues

Total governmental activity revenue (excluding transfers) decreased dramatically from last year, down \$12.4 million or 9.3%. As the chart below depicts, the majority of governmental activity revenue, 76%, is from taxes. Combined taxes were down \$7.4 million, or 7.4%, from 2008.



Sales tax plummeted \$4.9 million or 17.5% from 2008—a year that saw a drop of \$1.8 million from 2007. The largest decrease, \$1.6 million, was in the retail trade category and of that amount, \$760,000 was in the motor vehicles and parts dealers subcategory. The second largest decrease was in the construction category, down nearly \$1.5 million from 2008. The sales tax decreases are a direct reflection of the downturn in the economy. Please see the Letter of Transmittal for additional sales tax discussion.

Business taxes fell \$708,000, or 2.6% from 2008—a year that saw a drop of \$1.3 million from 2007. The largest decrease in business taxes was in B&O taxes which dropped \$561,000 in 2009 after plummeting \$1.8 million in 2008, again reflecting the slow economy. As discussed in the Letter of Transmittal, the city's B&O tax is subject to volatility due, in large part, to world airline market conditions and the cyclical nature of this industry. Telephone taxes also dropped a substantial \$290,000 over last year. Slight increases in cable and electric utility taxes offset a portion of the B&O and telephone tax declines.

Other taxes fell further this year, down \$2.2 million or 22.6% from 2008. The majority of this decrease was in real estate excise taxes (REET). The city imposes a total of a half percent tax on the value of all real estate transactions that occur within the city's boundaries. As with the rest of the nation, the city has experienced a drop in home sale activity and prices, both of which directly affect the amount of REET revenue the city receives. REET collections decreased 58% or \$1.7 million from 2008.

Interest and investment earnings also declined, down \$3.5 million or 60% from 2008.

Expenses

Total governmental activity expenses were up \$3.7 million, or 3%, compared to 2008. The majority of this increase can be attributed to cost-of-living salary adjustments ranging from 5.83% to 6.83% and other salary related changes.

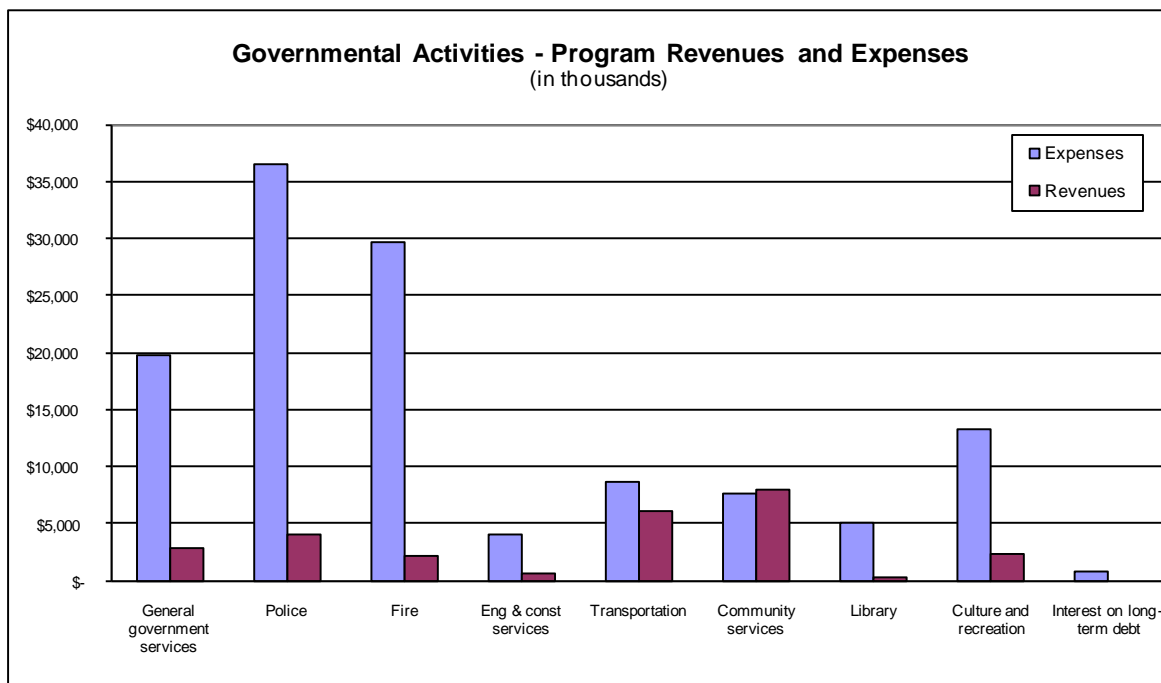
Police activity expenses grew by \$2.6 million, or 7.7%, over last year. In addition to cost-of-living adjustments, three police officers were added in 2009 for a total salary and benefit increase of nearly \$1.7 million. Another significant increase was in jail fees, which rose \$573,000 from 2008.

General government services decreased \$.8 million, or 3.7%, from last year. A reduction in professional services of \$1.2 million offset salary and wages increases of \$1.0 million. The largest professional services decrease, \$662,000, was due to lower Riverside property clean-up expenses. Another large offset was a decrease in general government facility repair and maintenance projects of approximately \$600,000.

Transportation expenses decreased \$.4 million or 4.6% from 2008. This change can be attributed, in large part, to the completion of two projects in the prior year. Last year the city spent \$500,000 for the SMART card project and paid \$276,400 to WSDOT for the city's share of the 124th Street I-5 overpass project. Neither project had expenses in 2009.

The largest governmental activities expense, police and fire activities, each recorded increases, again due primarily to cost-of-living and other salary related adjustments. At the government-wide level, police and fire expenses account for 32% of total city expenses. At the governmental activity level, they account for nearly 53% of total governmental activity expense.

The chart below illustrates the cost of each of the City's major governmental activities along with each activity's generated revenues (charges for services, grants, and contributions specifically related to that activity). The difference is the amount that each program relies on taxes for funding.



BUSINESS-TYPE ACTIVITIES ANALYSIS

In 2009, program revenues covered \$75.8 million of the \$80 million in business-type activity expenses, leaving a net expense of \$4.2 million paid primarily by city taxpayers.

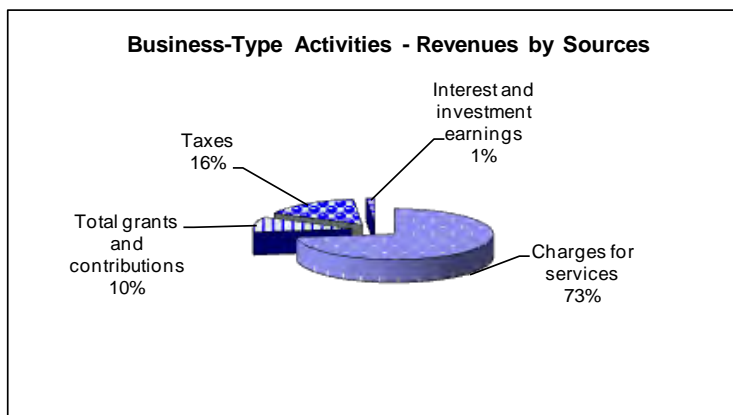
Revenues

Total business-type revenues were up \$.4 million, or 4.6%, from the prior year. As shown in the chart on the following page, the majority of business-type activity revenue is from charges for services. The increase in charges for services of 6.5% over 2008 can be attributed to rate changes as discussed in the Letter of Transmittal.

The largest increase in business-type revenue from 2008 to 2009 was in grants and contributions, which were up \$5.8 million. Grant revenue can fluctuate widely from year to year based on a number of factors, including the availability of federal and state grants, whether the city has applied for and received grant awards, and whether the city has major capital projects in progress. Transit received \$7.3 million in federal grants in 2009, but only \$365,000 in 2008.

Sales tax revenue dropped \$2.8 million, or 16.5%. The weak economy as described in the governmental activity section applies here as well.

The other major decrease in business-type revenues was in interest income, down \$3.1 million. The drop was due to a combination of lower cash and investment balances earning interest as available funds were used to pay for major capital projects, and market conditions that resulted in lower investment rates.



Expenses

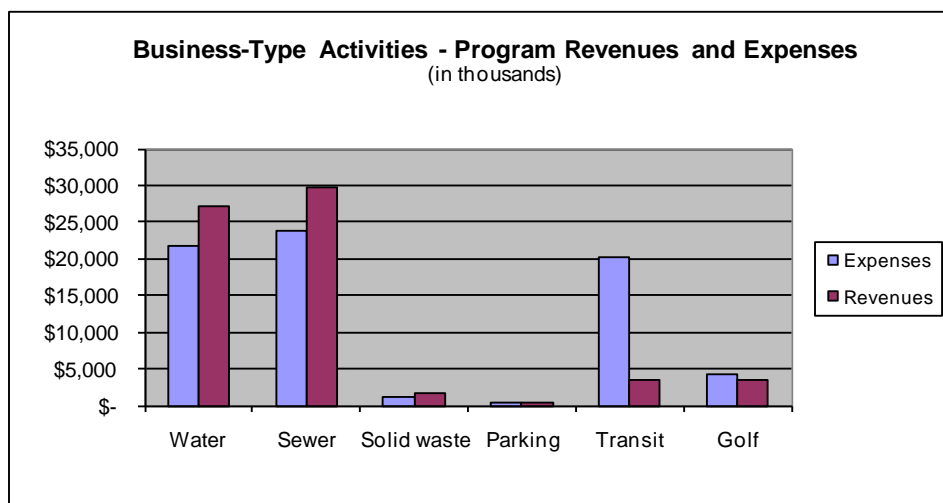
Total business-type expenses were up \$8.8 million, or 12.3%, over 2008.

Transit had the largest expense increase at \$3.9 million, or 19%, over 2008. Approximately \$1.4 million of this increase resulted from the completion of the commuter platforms for the Bus Rapid Transit project which was constructed in partnership with Community Transit. Expenses for this project totaled \$2.2 million in 2009 and \$.8 million in 2008. In addition to cost-of-living adjustments, eight FTEs were added for a total salary and wage increase of \$600,000.

Water activity expenses were up \$1.6 million, or 7.2%, from 2008. This was the net effect of several factors – the most significant being the net appreciation expense of \$1.7 million for the property purchased from general government funds. This transaction is discussed in the capital asset section of this MD&A as well as in Note 19, Special Items.

Solid waste expenses increased by \$2.2 million or 210%. The increase was due almost entirely to costs associated with the former landfill site remediation project.

The chart below depicts the expense of each of the City's business-type programs along with each program's generated revenues. As shown, water, sewer, solid waste, and parking each generated enough program revenue (primarily user fees) to cover the operating costs of providing services while transit and golf did not. These activities are discussed in more detail in the Business-type Funds Analysis section.



FUND-LEVEL FINANCIAL ANALYSIS**GOVERNMENTAL FUNDS**

As discussed, governmental funds are reported in the fund statements with a short-term, spendable resources focus. This information is useful in assessing whether resources available at year-end are adequate to cover upcoming financing requirements.

At year-end, the governmental funds reported a combined ending fund balance of \$121 million (refer to Governmental Funds Balance Sheet on page 28). This is a \$4.5 million increase from the prior year-end. The government-wide Changes in Net Assets shows an increase in net assets of \$2.2 million. The difference is due primarily to the way capital assets are reported. In the fund financial statements, capital expenditures are reported as current expenditures; thereby directly reducing available resources (fund balance). At the government-wide level of reporting, the same capital expenditures are capitalized and are included in the net asset balance. In 2009, governmental funds disposed of \$12.2 million in capital assets and purchased approximately \$7.8 million in capital assets. The net result is a reduction in net assets at the government-wide level of reporting of \$4.4 million.

Approximately 82% of the total ending fund balance of governmental funds is classified as unreserved, which means the funds are available for spending at the City's discretion.

General Fund – The general fund is the City's primary operating fund and the largest funding source for day-to-day service delivery. The general fund's fund balance decreased \$6.5 million in 2009. The majority of the decrease was due to the dramatic drop in revenue as discussed in the governmental activity analysis above. The City's fund balance policy requires maintenance of fund balance equal to 20 percent of expected revenues. As revenues declined from the prior year, the general fund ending fund balance was reset to its lower target amount. Excess resources were either transferred to reserves or used to fund 2010 re-appropriations. At year-end, 61% of the general fund's fund balance is classified as unreserved.

Capital Improvement Reserve Fund – The City's other major governmental fund recorded a decrease of \$.9 million in fund balance. As the name indicates, this fund accumulates money to pay for capital projects: therefore, expenditures and fund balance can fluctuate widely from year to year. The largest expenditure in 2009 was a transfer out to Fund 342 of \$2.9 million for the Animal Shelter Project. On the revenue side, this fund accounts for the first quarter percent real estate excise tax. As noted in the governmental activity section above, REET collections fell 58% from 2008, resulting in an \$860,000 decrease in revenue for this fund.

Other Governmental Funds – Total fund balance for other governmental funds increased \$11.9 million in 2009.

\$4.1 million of the increase can be found in the Cumulative Reserve for Real Property Acquisition Fund, Fund 145. Nearly \$3.5 million from the sale of land to utilities was recorded in this fund. In addition, \$1.5 million was received for the vacation of several parcels of city property. The city purchased one major parcel of property in 2009 to be used for the new Fire Station #3 building totaling \$872,000.

Fund 126, the Motor Vehicle Equipment Replacement Fund, recorded an increase of \$1.9 million in fund balance as a result of pre-funding the General Fund's 2010 \$1.3 million contribution as discussed in the letter of transmittal. In addition, several vehicle replacements were deferred due to the implementation of increased controls over vehicle replacements.

Fund 146, the Property Management Fund also reported an increase in fund balance of \$810,000. This increase was due in part to pre-funding \$457,000 of the General Fund's 2010 contribution. Also, expenditures for major maintenance projects were down as staff concentrated on major capital projects such as the Animal Shelter which is accounted for in Fund 342, the City Facility Construction Fund.

The Emergency Medical Services (EMS) Fund, Fund 153, reported a \$1.2 million fund balance decrease in 2009 compared to a \$1.5 million decrease in 2008. Due to the passage of I-747, the fund's primary funding source, property tax levies, are restricted to a maximum increase of 1% each year. Because the cost of providing EMS services grows at a rate that is greater than 1% annually, fund balance is now being consumed to fund operations. To provide additional revenue, a fee for EMS transport was initiated in 2005. In 2009, the city collected \$1.7 million in transport fees, approximately \$358,000 more than in 2008.

BUSINESS-TYPE FUNDS

Water/Sewer Utility Fund – This fund is the largest business-type fund in the City, accounting for 83% of the business-type fund equity at \$348 million. Of this amount, \$284 million is invested in capital assets net of related debt, \$12 million is classified as restricted (primarily for debt service), and \$52 million is classified as unrestricted. The fund's 2009 net income, before contributions and transfers, of \$13.7 million is a reflection of increased customer consumption and the water and sewer rate increases that went into effect last year. Water/sewer rates contain a provision for capital projects which allows the utility to grow its assets in order to pay for future capital projects.

Transit Fund – This is the City's other major business-type fund. It reported a \$20.5 million operating loss in 2009 (before non-operating revenues and capital contributions). This amount was offset by the voter approved 0.6% sales tax which is dedicated for transit purposes; 2009 collections totaled \$14.7 million. Grants in the amount of \$7.3 million provided the remainder of the offset.

Other Business-type Funds – The Golf Fund reported a net loss of \$726,500 compared to 2008's net loss of \$625,000. Management continues to implement elements of its business plan to increase revenues and decrease expenses.

Fund 402, the Solid Waste Fund, reported an operating loss of \$1.2 million bringing the fund's equity to negative \$1.9 million. The city expects to build this fund's equity up over the next few years with an increase in rates and a substantial decrease in expenditures as the former landfill site remediation comes to a close.

GENERAL FUND BUDGETARY HIGHLIGHTS**Original budget compared to final budget**

The final General Fund expenditure budget ended the year at virtually the same level as the original budget despite having been revised three times throughout the year. The struggling economy was an important factor driving the direction of the budget. The more significant amendments included \$2.2 million in re-appropriations adopted the first of the year to carry forward unspent budgets from 2008. The largest of these re-appropriations included \$975,600 for contingencies, \$253,000 for Riverside Cleanup costs, and nearly \$280,000 for grant related expenditures. Mid-year, departments were asked to cut their budgets to compensate for declining revenues. In response, General Fund departments reduced their budgets by \$2.5 million.

The final general fund revenue budget was \$6.1 million or 7% below the original budget. Amendment reductions included decreasing sales tax revenue by \$4.7 million and B&O tax revenue by \$1.8 million.

Actual results compared to final budget

General fund *revenues* came in under the final amended budget by 3.3% or \$2.8 million. Sales tax came in under the already reduced budget by \$1.6 million or 7%. Utility taxes came in \$925,000 or 7% under budget and general fund charges for services came in under budget by \$500,000 or 28%. These shortfalls were offset in part by fines and forfeits coming in over budget again this year by \$331,000 or 27% and \$318,000 of unbudgeted interfund interest.

Included in 2009's total general fund expenditures was the pre-funding of certain 2010 reserve fund contributions including \$1.3 million to the motor vehicle reserve fund, \$457,000 to the facilities maintenance reserve fund and \$259,000 to the computer replacement reserve fund. After these contributions, general fund *expenditures* still came in under the final amended budget by 2.6% or \$2.5 million. The most significant under expenditure was a \$1.5 million savings in salaries and wages. Most departments under spent their budgets due to open positions. The police department, public works, and administration, came in under budget by \$1,000,000, \$712,200 and \$328,000 respectively.

Approximately \$.5 million of the under expenditures were carried over and re-appropriated for use in 2010. The remaining funds were added to fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION**CAPITAL ASSETS**

The City of Everett's investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2009, amounts to \$826 million (see table on the next page). The year-End balance represents a net increase (additions less retirements and depreciation) of \$27.7 million from the end of last year.

City of Everett's Capital Assets
(net of accumulated depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2009	2008	2009	2008	2009	2008
Land	\$ 58,745	\$ 69,788	\$ 32,400	\$ 19,785	\$ 91,145	\$ 89,573
Buildings	59,824	55,393	105,700	99,172	165,524	154,565
Improvements other than buildings	16,423	16,479	267,396	255,617	283,819	272,096
Infrastructure	149,975	132,377	-	-	149,975	132,377
Machinery and equipment	9,747	9,761	12,804	12,298	22,551	22,059
Construction in progress	11,510	26,769	101,773	101,148	113,283	127,917
	<u>\$ 306,224</u>	<u>\$ 310,567</u>	<u>\$ 520,073</u>	<u>\$ 488,020</u>	<u>\$ 826,297</u>	<u>\$ 798,587</u>

Major governmental capital asset investments for the year included (in millions):

- E. Marine View Drive, N. Broadway street improvements \$3.3
- Everett Animal Shelter (total capitalized \$6.2 million) 2.2
- 2009 overlay program 2.1
- Vehicle replacements and additions 1.2
- Riverfront redevelopment project 1.1
- Lions Park sustainable maintenance project 1.0
- Land for Fire Stations #3 .9

Major business-type capital asset investments for the year included (in millions):

- Transmission Lines 1 & 2, Phase 6 \$9.9
- Water Filtration Plant Clearwell #2 3.1
- Casino water tank 2.4
- Combines Sewer Replacement "F" 1.7
- Sewer system improvement "J" 1.6
- Bus Rapid Transit (BRT) stations on Evergreen Way 2.1
- Transit bus purchases 1.8

In addition to the capital investment transactions above, the city sold approximately 74 acres of land from governmental funds to the utility department in 2009. As a result, the historical cost of the land, \$11.9 million, was removed from governmental capital assets and added to business-type assets. This transaction is discussed in Note 19, Special Items.

Additional information about the City of Everett's capital assets can be found in Note 6 to the financial statements.

DEBT ADMINISTRATION

As shown in the table on the following page, the city's total outstanding debt at December 31, 2009, was \$189 million. Of this amount, \$28 million is bonded debt backed by the full faith and credit of the city and \$116 million is bonded debt secured solely by water and sewer user fees.

The city's total debt outstanding increased by a net amount (new issues less principal payments and refundings) of \$29.4 million from prior year end. The major debt transactions that contributed to this change are detailed below.

- The city issued \$40 million of revenue bonds in early 2009. \$2.1 million of the issue was used to provide resources to execute a current refunding of the outstanding 1997 Water and Sewer Revenue bonds.
- The balance of the Kimberly-Clark Promissory Note, \$5.1 million, was transferred from governmental activities to business-type activities as part of the land sale discussed above.

City of Everett's Outstanding Debt

(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 28,000	\$ 28,000	\$ -	\$ -	\$ 28,000	\$ 28,000
Revenue debt	-	-	115,920	82,550	115,920	82,550
Other long-term debt	1,870	7,231	43,459	42,108	45,329	49,339
	<u>\$ 29,870</u>	<u>\$ 35,231</u>	<u>\$ 159,379</u>	<u>\$ 124,658</u>	<u>\$ 189,249</u>	<u>\$ 159,889</u>

The City's bond rating for general obligation debt is AA+ by Standard & Poor's Investor Services. The city's bond rating for revenue debt is Aa3 by Moody's Investors Service and AA+ by Standard and Poor's Investor Services. The city works to maintain high credit ratings to assist in obtaining financing at the lowest possible cost.

Additional details about the City's long-term debt can be found in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Principal constraints facing the city budget for 2010 included: exceptional declines in retail sales and business revenues; major reduction of new residential and commercial building projects; deferred aircraft production; and property tax revenue growth limited to 1% on the base, plus adjustments for new construction and annexations.

Other economic factors considered when preparing the City's 2010 budget included:

- Overall economic activity is expected to continue to be low.
- Population is expected to increase by 1 percent in 2010.
- The inflation rate (as measured by the June to June Seattle/Urban Consumer Price Index) is expected to remain flat. For 2009, it was negative 0.356 %.
- Unemployment in Snohomish County is expected to decline through 2010. The 2009 rate of 9.8%, is now close to the national average.
- Interest rates are expected to remain at historical lows through 2010.

Some of the specific steps taken to balance the 2010 budget included: no cost of living increases for employees; reduced general fund contributions to the street overlay program; deferrals of projects and equipment replacements; and suspension of contributions to our LEOFF1 police and fire pension and OPEB funds for one year.

Additional discussion about the City's overall economic outlook can be found in the City's Letter of Transmittal.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, creditors, investors, and other interested parties with a general overview of the City's finances and to show the City's accountability for the financial resources it receives. If you have any questions about this report, or need additional financial information, please contact the Finance Department at 2930 Wetmore Avenue, Suite 9H, Everett, WA 98201.



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**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Primary Government			Component Unit
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EVERETT PUBLIC FACILITIES DISTRICT
ASSETS				
Cash and cash equivalents	\$ 17,148,523	\$ 7,790,875	\$ 24,939,398	\$ 5,092,097
Investments	97,102,261	52,111,744	149,214,005	-
Deposits with trustees	91,898	889,303	981,201	-
Receivables (net)	26,280,748	10,937,535	37,218,283	454,210
Internal balances	9,348,728	(9,348,728)	-	-
Inventories	469,975	729,020	1,198,995	-
Prepayments	537,007	143,146	680,153	440,809
Deferred charges	173,059	1,711,844	1,884,903	-
Net pension asset	9,894,951	-	9,894,951	-
Restricted:				
Cash and cash equivalents	-	986,424	986,424	-
Investments	-	2,408,057	2,408,057	-
Special assessments	228,327	11,072	239,399	-
Investment in joint venture	2,506,985	1,171,152	3,678,137	-
Intangible assets (net)	364,038	168,143	532,181	-
Land	58,745,250	32,400,211	91,145,461	257,074
Construction in progress	11,509,525	101,773,408	113,282,933	-
Capital assets (net) (See Note 6)	235,969,302	385,899,042	621,868,344	46,757,219
TOTAL ASSETS	\$ 470,370,577	\$ 589,782,248	\$ 1,060,152,825	\$ 53,001,409
LIABILITIES				
Accounts payable and other current liabilities	\$ 6,154,005	\$ 6,574,771	\$ 12,728,776	\$ 1,179,844
Unearned revenues	563,508	207,324	770,832	1,841,604
Non-current liabilities (See Note 12):				
Due within one year	11,997,966	9,532,402	21,530,368	-
Due in more than one year	40,653,350	157,193,725	197,847,075	54,056,365
TOTAL LIABILITIES	\$ 59,368,829	\$ 173,508,222	\$ 232,877,051	\$ 57,077,813
NET ASSETS				
Invested in capital assets, net of related debt	\$ 276,175,060	\$ 355,349,336	\$ 631,524,396	\$ (8,443,819)
Restricted for:				
Capital projects	6,715,079	-	6,715,079	-
Debt service	-	11,417,312	11,417,312	-
Community development projects	14,231,381	-	14,231,381	-
Transportation	7,596,157	-	7,596,157	-
Public safety	9,994,283	-	9,994,283	-
Tourism	349,283	-	349,283	-
Special assessments	-	11,072	11,072	-
Government regulation	-	54,186	54,186	-
Unrestricted	95,940,505	49,442,120	145,382,625	4,367,415
TOTAL NET ASSETS	\$ 411,001,748	\$ 416,274,026	\$ 827,275,774	\$ (4,076,404)

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 1 OF 2)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government services	\$ 19,829,413	\$ 2,784,057	\$ 7,473	\$ 52,279
Police	36,488,879	3,430,409	478,056	96,178
Fire	29,593,441	1,795,325	274,825	-
Engineering & construction services	3,966,652	522,080	-	-
Transportation	8,557,592	1,206,445	-	4,823,707
Community services	7,583,871	2,858,248	3,668,791	1,455,139
Library	5,006,773	122,702	51,866	272
Culture and recreation	13,280,089	1,738,065	166,493	437,946
Interest on long-term debt	842,830	-	-	-
Total governmental activities	125,149,540	14,457,331	4,647,504	6,865,521
Business-type activities:				
Water	23,333,429	30,463,819	-	33,379
Sewer	24,534,675	28,522,334	229,747	973,916
Solid waste	3,264,327	1,802,186	-	308,033
Parking	272,951	374,764	-	-
Transit	24,092,720	2,126,900	3,550,177	3,710,179
Golf	4,577,928	3,746,275	-	-
Total business-type activities	80,076,030	67,036,278	3,779,924	5,025,507
Total primary government	\$ 205,225,570	\$ 81,493,609	\$ 8,427,428	\$ 11,891,028
Component units:				
Everett Public Facilities District	\$ 10,646,105	\$ 7,374,045	\$ 2,631,380	\$ -

General revenues:

Property taxes
Sales taxes
Business taxes
Excise taxes
Allocation of state-imposed taxes
Interest and investment earnings

Transfers**Total general revenues, special items, and transfers**

Change in net assets

Net assets - beginning

Prior period adjustment

Net assets - ending

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 2 OF 2)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Everett Public Facilities District	
\$ (16,985,604)	\$ -	\$ (16,985,604)		
(32,484,236)	-	(32,484,236)		
(27,523,291)	-	(27,523,291)		
(3,444,572)	-	(3,444,572)		
(2,527,440)	-	(2,527,440)		
398,307	-	398,307		
(4,831,933)	-	(4,831,933)		
(10,937,585)	-	(10,937,585)		
(842,830)	-	(842,830)		
(99,179,184)	-	(99,179,184)		
-	7,163,769	7,163,769		
-	5,191,322	5,191,322		
-	(1,154,108)	(1,154,108)		
-	101,813	101,813		
-	(14,705,464)	(14,705,464)		
-	(831,653)	(831,653)		
-	(4,234,321)	(4,234,321)		
\$ (99,179,184)	\$ (4,234,321)	\$ (103,413,505)		
			\$ (640,680)	
35,659,364	-	35,659,364		
23,175,042	14,489,333	37,664,375		
26,331,273	95,784	26,427,057		
3,017,158	-	3,017,158		
4,629,634	173,633	4,803,267		
2,399,689	1,277,687	3,677,376		
6,135,417	(6,135,417)	-		
101,347,577	9,901,020	111,248,597		
2,168,393	5,666,699	7,835,092		(640,680)
408,833,355	410,823,827	819,657,182		(3,435,724)
-	(216,500)	(216,500)		-
\$ 411,001,748	\$ 416,274,026	\$ 827,275,774	\$ (4,076,404)	

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	GENERAL	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,523,192	\$ 3,332,757	\$ 9,520,055	\$ 14,376,004
Change and imprest funds	47,549	-	2,100	49,649
Deposits with trustee	91,898	-	-	91,898
Investments	8,653,227	18,922,264	54,065,552	81,641,043
Receivables, net				
Taxes	9,059,184	58,616	58,616	9,176,416
Customer accounts	291,661	35,373	177,605	504,639
Interest	72,347	85,840	189,625	347,812
Due from other funds	35,537	-	32,953	68,490
Interfund loans receivable	229,300	-	310,000	539,300
Due from other governmental units	131,280	48,371	1,617,199	1,796,850
Total Current Assets	20,135,175	22,483,221	65,973,705	108,592,101
RESTRICTED ASSETS				
Special assessments - deferred	-	-	228,326	228,326
Total Restricted Assets	-	-	228,326	228,326
NONCURRENT ASSETS				
Notes/contracts receivable	1,140,000	-	12,205,207	13,345,207
Advances to other funds	7,909,168	-	-	7,909,168
Total Noncurrent Assets	9,049,168	-	12,205,207	21,254,375
TOTAL ASSETS	\$ 29,184,343	\$ 22,483,221	\$ 78,407,238	\$ 130,074,802
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ 2,032,996	\$ -	\$ 557,894	\$ 2,590,890
Accounts payable	859,090	-	1,524,397	2,383,487
Due to other funds	30,728	-	5,221	35,949
Interfund loans payable	-	-	539,300	539,300
Due to other governmental units	57,351	-	173	57,524
Custodial accounts	255,428	-	2,150	257,578
Deferred revenues	-	-	563,508	563,508
Other current liabilities	37,912	2,999	135,053	175,964
Total Current Liabilities	3,273,505	2,999	3,327,696	6,604,200
NONCURRENT LIABILITIES				
Deferred revenues	2,522,573	-	228,326	2,750,899
Total Noncurrent Liabilities	2,522,573	-	228,326	2,750,899
TOTAL LIABILITIES	5,796,078	2,999	3,556,022	9,355,099
FUND BALANCES				
Reserved for:				
Loans receivable	9,049,168	-	12,205,207	21,254,375
Unreserved, reported in:				
General fund	14,339,097	-	-	14,339,097
Special revenue funds	-	22,480,222	59,461,563	81,941,785
Debt service funds	-	-	182,572	182,572
Capital projects funds	-	-	3,001,874	3,001,874
TOTAL FUND BALANCES	23,388,265	22,480,222	74,851,216	120,719,703
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,184,343	\$ 22,483,221	\$ 78,407,238	\$ 130,074,802

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Total Fund Balances reported on the Balance Sheet - Governmental Funds	\$ 120,719,703
Amounts reported for governmental activities in the Balance Sheet - Governmental Funds differ from amounts reported in the government-wide Statement of Net Assets by the following items:	
Capital assets reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	305,383,844
Long-term debt reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(38,211,855)
Assets and liabilities of internal service funds included in governmental activities in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	8,422,214
Net pension asset reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	9,894,951
Unearned revenues reported as deferred revenues in the Balance Sheet - Governmental Funds not reported in the government-wide Statement of Net Assets	2,750,899
Net investment in joint ventures reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	2,506,985
Accrued receivables reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	2,161,005
Accrued pollution remediation liability reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(1,500,000)
Discount on notes receivable reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(1,125,998)
Total Net Assets reported on the government-wide Statement of Net Assets	<u>\$ 411,001,748</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 63,936,327	\$ 613,887	\$ 21,579,298	\$ 86,129,512
Licenses and permits	1,737,452	-	293,535	2,030,987
Intergovernmental revenues	3,074,587	1,383,068	12,076,178	16,533,833
Charges for services	6,881,793	-	4,735,715	11,617,508
Fines and forfeits	1,589,827	-	523,961	2,113,788
Other revenues	1,083,375	394,099	3,413,068	4,890,542
Total revenues	78,303,361	2,391,054	42,621,755	123,316,170
EXPENDITURES				
Current:				
General government services	19,943,744	-	1,427,783	21,371,527
Security of persons and property	54,109,118	-	9,119,470	63,228,588
Physical environment	3,982,640	48,427	188,078	4,219,145
Transportation	1,825,898	-	2,331,321	4,157,219
Economic environment	4,774,478	-	1,191,731	5,966,209
Mental and physical health	36,022	-	-	36,022
Culture and recreation	705,034	500,000	13,795,507	15,000,541
Capital outlay	104,258	-	18,011,151	18,115,409
Debt service:				
Principal	-	5,142,483	219,316	5,361,799
Interest	-	254,353	872,472	1,126,825
Total Expenditures	85,481,192	5,945,263	47,156,829	138,583,284
Excess (deficiency) of revenues over (under) expenditures	(7,177,831)	(3,554,209)	(4,535,074)	(15,267,114)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	4,866	-	1,591,533	1,596,399
Transfers in	5,028,840	-	16,547,027	21,575,867
Transfers out	(4,394,236)	(7,566,465)	(5,179,373)	(17,140,074)
Total other financing sources (uses)	639,470	(7,566,465)	12,959,187	6,032,192
SPECIAL ITEM				
Proceeds from sale of land	-	10,244,652	3,447,476	13,692,128
Net change in fund balances	(6,538,361)	(876,022)	11,871,589	4,457,206
Fund balances - beginning	29,926,626	23,356,244	62,979,627	116,262,497
FUND BALANCES - ENDING	\$ 23,388,265	\$ 22,480,222	\$ 74,851,216	\$ 120,719,703


The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances for total governmental funds reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 4,457,206
Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balances differ from amounts reported in the government-wide Statement of Activities by the following items:	
Disposition of capital assets (i.e., sales, trade-ins and transfers) results in a decrease in capital assets reported in the government-wide statements during the current period.	(12,197,273)
Governmental funds report capital outlays as expenditures. Government-wide statements establish capital outlays as assets and allocate the cost of depreciable assets over their estimated useful lives as depreciation expense. This item represents the amount by which capital outlays exceeded depreciation expense in the current period.	7,782,071
Governmental funds report the proceeds from the issuance of long-term debt (e.g., bonds and leases) as revenues and the associated issuance costs as expense in the period the debt is issued. Government-wide statements report long-term debt as a liability and amortize issuance costs as expense over the life of the obligation. This item represents the net effect of these differences in the treatment of long-term debt and related items during the current period.	5,389,944
Increase (decrease) to the net pension asset on the government-wide statements during the current period.	(1,178,762)
Internal service funds are used by management to charge the costs of fleet management, management information systems, self-insurance, employee health benefits, and telecommunications to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(1,997,138)
Increase (decrease) to investment in the joint venture "Snohomish County Emergency Radio System" reported in the government-wide statements during the current period.	(567,681)
Increase (decrease) to accrued receivables in the government-wide statements during the current period.	280,931
Decrease (increase) to accrued pollution remediation liability in the government-wide statements during the current period.	99,395
Fair value of capital assets donated to the City reported in the government-wide statements during the current period.	52,279
Increase (decrease) to non-current deferred revenue on the Balance Sheet - Governmental Funds during the current period.	24,647
Increase (decrease) to notes and interest receivable on the government-wide statements during the current period.	22,774
Change in net assets of governmental activities reported on the government-wide Statement of Activities	<u>\$ 2,168,393</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	73,315,603	\$ 66,569,386	\$ 63,936,327	\$ (2,633,059)
Licenses and permits	2,073,311	1,853,311	1,737,452	(115,859)
Intergovernmental revenues	2,232,725	2,960,087	3,074,587	114,500
Charges for services	7,438,178	7,539,206	6,881,793	(657,413)
Fines and forfeits	1,249,900	1,249,900	1,589,827	339,927
Other revenues	878,250	878,250	1,083,375	205,125
TOTAL REVENUES	87,187,967	81,050,140	78,303,361	(2,746,779)
EXPENDITURES				
Current:				
General government services	20,818,510	20,607,900	19,943,744	664,156
Security of persons and property	55,626,367	55,805,117	54,109,118	1,695,999
Physical environment	4,605,276	4,609,608	3,982,640	626,968
Transportation	1,987,584	1,946,694	1,825,898	120,796
Economic environment	4,915,155	5,161,208	4,774,478	386,730
Mental and physical health	25,332	25,332	36,022	(10,690)
Culture and recreation	698,900	698,900	705,034	(6,134)
Capital outlay	51,256	96,506	104,258	(7,752)
TOTAL EXPENDITURES	88,728,380	88,951,265	85,481,192	3,470,073
Excess (deficiency) of revenues over (under) expenditures	(1,540,413)	(7,901,125)	(7,177,831) 	723,294
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	4,866	4,866
Transfers in	5,098,296	5,098,296	5,028,840	(69,456)
Transfers out	(3,557,883)	(3,369,883)	(4,394,236)	(1,024,353)
Total other financing sources (uses)	1,540,413	1,728,413	639,470	(1,088,943)
Net change in fund balances	-	(6,172,712)	(6,538,361)	(365,649)
Fund balances - beginning	23,800,000	29,172,712	29,926,626	753,914
FUND BALANCES - ENDING	\$ 23,800,000	\$ 23,000,000	\$ 23,388,265	\$ 388,265

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 613,887	\$ (1,086,113)
Intergovernmental revenues	-	-	1,383,068	1,383,068
Other revenues	1,154,600	1,154,600	394,099	(760,501)
TOTAL REVENUES	2,854,600	2,854,600	2,391,054	(463,546)
EXPENDITURES				
Current:				
Physical environment	-	50,563	48,427	2,136
Transportation	20,000	20,000	-	20,000
Culture and recreation	500,000	500,000	500,000	-
Debt service:				
Principal retirement	1,302,000	5,396,836	5,142,483	254,353
Interest	-	-	254,353	(254,353)
TOTAL EXPENDITURES	1,822,000	5,967,399	5,945,263	22,136
Excess (deficiency) of revenues over (under) expenditures	1,032,600	(3,112,799)	(3,554,209)	(441,410)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	7,244,652	-	(7,244,652)
Transfers in	9,064,540	9,064,540	-	(9,064,540)
Transfers out	(2,578,600)	(11,742,720)	(7,566,465)	4,176,255
Total other financing sources (uses)	6,485,940	4,566,472	(7,566,465)	(12,132,937)
SPECIAL ITEM				
Proceeds from sale of land	-	-	10,244,652	10,244,652
Net change in fund balances	7,518,540	1,453,673	(876,022)	(2,329,695)
Fund balances - beginning	18,825,051	24,701,918	23,356,244	(1,345,674)
FUND BALANCES - ENDING	\$ 26,343,591	\$ 26,155,591	\$ 22,480,222	\$ (3,675,369)

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2009**

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -	
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 6,709,911	\$ 1,578,095	\$ 392,171	\$ 8,680,177	\$ 2,722,871	
Investments	41,311,942	8,589,527	2,210,277	52,111,746	15,461,216	
Revenue bond covenant accounts:						
Restricted cash and cash equivalents	986,424	-	-	986,424	-	
Restricted investments	2,353,871	-	-	2,353,871	-	
Receivables, net						
Taxes	-	2,729,051	-	2,729,051	-	
Customer accounts	5,081,725	17,011	205,853	5,304,589	10,663	
Interest	171,150	23,534	9,820	204,504	48,693	
Due from other funds	1,557	-	-	1,557	-	
Interfund loans	8,505,923	-	-	8,505,923	-	
Due from other governments	823,411	1,688,282	187,696	2,699,389	15,464	
Prepayments	108,500	34,646	-	143,146	537,008	
Inventory	644,318	-	84,702	729,020	469,975	
Total Current Assets	66,698,732	14,660,146	3,090,519	84,449,397	19,265,890	
NONCURRENT ASSETS						
Restricted investments	54,186	-	-	54,186	-	
Special assessments - deferred	11,072	-	-	11,072	-	
Intangible assets	168,143	-	-	168,143	128,721	
Investment in joint venture	1,171,152	-	-	1,171,152	-	
Unamortized debt issue costs	1,711,844	-	-	1,711,844	-	
Land	21,000,778	10,439,811	959,622	32,400,211	-	
Construction in progress	100,130,465	666,074	976,869	101,773,408	-	
Capital assets, net of depreciation (Note 6)	327,378,274	46,740,676	11,780,092	385,899,042	1,075,550	
Total Noncurrent Assets	451,625,914	57,846,561	13,716,583	523,189,058	1,204,271	
TOTAL ASSETS	\$ 518,324,646	\$ 72,506,707	\$ 16,807,102	\$ 607,638,455	\$ 20,470,161	
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES						
Wages and benefits payable	\$ 1,202,171	\$ 665,662	\$ 21,991	\$ 1,889,824	\$ 168,176	
Accounts payable	2,886,833	961,242	277,464	4,125,539	412,839	
Claims and judgments payable	-	-	-	-	5,474,705	
Interest payable	1,304,301	-	-	1,304,301	-	
Taxes payable	85,487	1,737	9,513	96,737	880	
Due to other funds	29,012	2,509	-	31,521	2,578	
Interfund loans payable	-	-	8,505,923	8,505,923	-	
Due to other governments	-	57,432	-	57,432	-	
Deferred revenues	1,280	33,308	167,386	201,974	-	
Current portion of long-term debt	8,293,164	-	39,554	8,332,718	-	
Unamortized premiums	273,859	-	-	273,859	-	
Other current liabilities	-	-	26,766	26,766	116,957	
Total Current Liabilities	14,076,107	1,721,890	9,048,597	24,846,594	6,176,135	
NONCURRENT LIABILITIES						
Capital Leases Payable	37,135	-	-	37,135	-	
Revenue bonds payable	111,785,000	-	-	111,785,000	-	
Unamortized premiums	4,984,335	-	-	4,984,335	-	
Real estate contracts payable	2,899,827	-	-	2,899,827	-	
Advances from other funds	-	-	7,909,168	7,909,168	-	
Deferred revenues	5,349	-	-	5,349	-	
Loans payable	36,410,451	-	-	36,410,451	-	
Claims and judgments payable	-	-	-	-	7,228,546	
Other long-term liabilities	575,570	183,305	318,100	1,076,975	52,861	
Total Noncurrent Liabilities	156,697,667	183,305	8,227,268	165,108,240	7,281,407	
TOTAL LIABILITIES	170,773,774	1,905,195	17,275,865	189,954,834	13,457,542	
FUND EQUITY						
Invested in capital assets, net of related debt	283,825,746	57,846,561	13,677,029	355,349,336	1,075,550	
Restricted for debt service	11,417,312	-	-	11,417,312	-	
Restricted for special assessments	11,072	-	-	11,072	-	
Restricted for other governments	54,186	-	-	54,186	-	
Unrestricted	52,242,556	12,754,951	(14,145,792)	50,851,715	5,937,069	
TOTAL FUND EQUITY	347,550,872	70,601,512	(468,763)	417,683,621	7,012,619	
TOTAL LIABILITIES AND FUND EQUITY	\$ 518,324,646	\$ 72,506,707	\$ 16,807,102		\$ 20,470,161	

Amounts reported for business-type activities in the statement of net assets are different because:

The net effect of activities allocated from internal service funds is presented as an internal balance on the statement of net assets.

(1,409,596)

Net assets of business-type activities

\$ 416,274,025

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Admission taxes	\$ -	\$ -	\$ 95,784	\$ 95,784	\$ -
Charges for services	58,667,250	1,162,431	5,919,945	65,749,626	20,272,283
Rental revenues	-	894,422	-	894,422	-
Total Operating Revenues	58,667,250	2,056,853	6,015,729	66,739,832	20,272,283
OPERATING EXPENSES:					
Personnel services	16,524,046	10,572,798	1,031,288	28,128,132	2,999,274
Supplies	3,924,189	1,265,707	728,835	5,918,731	3,524,584
Professional services	3,748,677	4,433,864	3,967,738	12,150,279	9,772,721
Depreciation and amortization	10,504,700	2,689,463	976,284	14,170,447	244,505
Taxes	1,008,822	6,557	-	1,015,379	-
Other operating expenses	7,472,418	3,555,357	819,520	11,847,295	8,730,687
Total Operating Expenses	43,182,852	22,523,746	7,523,665	73,230,263	25,271,771
Operating Income (Loss)	15,484,398	(20,466,893)	(1,507,936)	(6,490,431)	(4,999,488)
NON-OPERATING REVENUES (EXPENSES):					
Sales tax	-	14,662,966	-	14,662,966	-
Intergovernmental revenues	229,747	3,550,177	-	3,779,924	22,988
Interest and investment revenue	813,780	211,992	55,723	1,081,495	344,200
Rent	601,690	50,861	-	652,551	-
Other non-operating revenues	324,595	10,505	-	335,100	-
Gain (loss) on sale/retirement of assets	(7,260)	7,800	3,280	3,820	(2,462)
Sale of junk/salvage	-	-	-	-	1,942
Interest expense	(3,981,716)	-	(591,541)	(4,573,257)	-
Other non-operating expenses	(1,208)	-	-	(1,208)	-
Total Non-Operating Revenues (Expenses)	(2,020,372)	18,494,301	(532,538)	15,941,391	366,668
Income (Loss) Before Contributions and Transfers	13,464,026	(1,972,592)	(2,040,474)	9,450,960	(4,632,820)
Capital contributions	1,007,012	3,710,180	308,033	5,025,225	-
Special items	(1,738,006)	-	-	(1,738,006)	-
Transfers out	(4,090,902)	(339,888)	-	(4,430,790)	(5,004)
INCREASE (DECREASE) IN NET EQUITY	8,642,130	1,397,700	(1,732,441)	8,307,389	(4,637,824)
NET EQUITY - BEGINNING	339,125,242	69,203,812	1,263,678	409,592,732	11,650,443
Prior period corrections	(216,500)	-	-	(216,500)	-
NET EQUITY - ENDING	\$ 347,550,872	\$ 70,601,512	\$ (468,763)	\$ 417,683,621	\$ 7,012,619

Change in accounting policy The difference between Increase in Net Equity, and Change in Net Assets for business-type funds is explained as follows:

Increase in Net Equity, per above	\$ 8,307,389
The net revenue (expense) of certain activities of internal service funds associated with business-type activities.	(2,640,690)
Change in Net Assets, per Statement of Activities	<u>\$ 5,666,699</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Page 1 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 59,008,712	\$ 2,144,534	\$ 5,998,182	\$ 67,151,428	\$ 562,702
Receipts from interfund services provided	993,530	71,169	-	1,064,699	19,796,120
Payments to suppliers	(14,990,720)	(3,544,202)	(5,136,555)	(23,671,477)	(14,792,287)
Payments to employees	(16,382,748)	(10,526,876)	(1,055,144)	(27,964,768)	(3,005,209)
Payments for interfund services used	(4,625)	(5,461,440)	(238,541)	(5,704,606)	(456,971)
Claims paid	(1,208)	-	-	(1,208)	(3,631,914)
Other receipts (payments)	324,595	103,627	-	428,222	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	28,947,536	(17,213,188)	(432,058)	11,302,290	(1,527,559)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Sales tax received	-	14,743,176	-	14,743,176	-
Receipts from non-capital grants	229,747	3,366,172	-	3,595,919	22,988
Interfund loans received	-	-	3,158,000	3,158,000	-
Interfund loans paid out	(1,445,000)	-	(1,444,000)	(2,889,000)	-
Interest paid on interfund loans	-	-	(584,669)	(584,669)	-
Transfers to other funds	(4,455,785)	(339,888)	-	(4,795,673)	(5,004)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(5,671,038)	17,769,460	1,129,331	13,227,753	17,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	40,755,448	-	-	40,755,448	-
Principal paid on capital debt	(9,451,758)	-	(114,366)	(9,566,124)	-
Interest paid on capital debt	(5,361,351)	-	(6,872)	(5,368,223)	-
Receipts from capital grants	200,000	2,363,581	253,554	2,817,135	-
Proceeds from sale of capital assets	-	7,800	16,462	24,262	2,099
Capital contributions	870,936	8,260	-	879,196	-
Acquisition and construction of capital assets	(37,484,349)	(4,981,847)	(491,304)	(42,957,500)	(346,976)
Capital assessments received	1,145	-	-	1,145	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(10,469,929)	(2,602,206)	(342,526)	(13,414,661)	(344,877)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments	-	693,046	13,838	706,884	1,488,958
Purchase of investments	(14,962,399)	-	(355,982)	(15,318,381)	(1,759,307)
Investment income	2,233,936	417,147	(76,459)	2,574,624	731,756
NET CASH PROVIDED BY INVESTING ACTIVITIES	(12,728,463)	1,110,193	(418,603)	(12,036,873)	461,407
Net Increase (Decrease) in Cash and Cash Equivalents	78,106	(935,741)	(63,856)	(921,491)	(1,393,045)
Cash and Cash Equivalents, January 1	7,618,229	2,513,836	456,027	10,588,092	4,115,916
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 7,696,335	\$ 1,578,095	\$ 392,171	\$ 9,666,601	\$ 2,722,871
Current Cash and Cash Equivalents	\$ 6,709,911	\$ 1,578,095	\$ 392,171	\$ 8,680,177	\$ 2,722,871
Restricted Cash and Cash Equivalents	986,424	-	-	986,424	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 7,696,335	\$ 1,578,095	\$ 392,171	\$ 9,666,601	\$ 2,722,871

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Page 2 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -	
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 15,484,398	\$ (20,466,893)	\$ (1,507,936)	\$ (6,490,431)	\$	(4,999,488)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	10,504,700	2,689,463	976,284	14,170,447		244,505
Other non-operating receipts	709,785	61,366	-	771,151		-
Other non-operating disbursements	(108,500)	-	-	(108,500)		-
Change in Assets and Liabilities:						
(Increase) decrease in inventories	48,124	-	7,786	55,910		(102,421)
(Increase) decrease in receivables	6,153,017	56,064	(23,450)	6,185,631		6,421
(Increase) decrease in prepaid expenses	24,261	(34,646)	-	(10,385)		176,927
(Increase) decrease in accounts and other payables	(3,905,634)	443,715	135,757	(3,326,162)		3,150,579
Increase (decrease) in compensated absences	37,385	4,435	(26,402)	15,418		(5,485)
Increase (decrease) in other current liabilities	-	33,308	5,903	39,211		1,403
TOTAL ADJUSTMENTS	13,463,138	3,253,705	1,075,878	17,792,721		3,471,929
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 28,947,536	\$ (17,213,188)	\$ (432,058)	\$ 11,302,290	\$	(1,527,559)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Non-Cash Financing, Capital and Investing Activities:						
Capital assets contributed by private developers	\$ 494,296	\$ -	\$ -	\$ 494,296	\$	-
Increase (decrease) in fair value of investments	(1,078,025)	(46,313)	158,273	(966,065)		(334,396)
TOTAL NON-CASH ACTIVITIES	\$ (583,729)	\$ (46,313)	\$ 158,273	\$ (471,769)	\$	(334,396)

The accompanying notes are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	TRUST FUNDS	AGENCY FUNDS
ASSETS AND OTHER DEBITS		
Cash and cash equivalents	\$ 394,760	\$ 165,424
Agency & GSE bonds	51,980,785	-
Accounts receivable - net	-	16,962
Interest receivable	349,633	-
Due from Other Governmental Units	-	944,425
TOTAL ASSETS	52,725,178	1,126,811
LIABILITIES		
Accounts payable	\$ 15,327	\$ 948,922
Due to Other Governmental Units	213	-
Other current liabilities	-	177,889
TOTAL LIABILITIES	15,540	1,126,811
NET ASSETS		
Held in trust for pension benefits	5,814,468	
Held in trust for post employment benefits	46,895,170	
Total held in trust	\$ 52,709,638	\$ -

The accompanying notes are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	TRUST FUNDS
ADDITIONS:	
Contributions	
Employer	\$ 903,035
State	144,020
Total contributions	<u>1,047,055</u>
Investment income	
Interest	2,744,238
Net appreciation (depreciation) in fair value	<u>(1,456,568)</u>
Net investment income	<u>1,287,670</u>
TOTAL ADDITIONS	<u>2,334,725</u>
DEDUCTIONS:	
Benefits	4,612,402
Administrative expense	<u>52,706</u>
TOTAL DEDUCTIONS	<u>4,665,108</u>
CHANGE IN NET ASSETS	
Pension benefits	(1,019,378)
Postemployment healthcare benefits	(1,311,005)
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS	
Employees' pension benefits, January 1	6,833,846
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS	
Postemployment healthcare benefits, January 1	48,206,175
NET ASSETS - ENDING	<u>\$ 52,709,638</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Everett, which conform to generally accepted accounting principles (GAAP) for governments, are regulated by the Washington State Auditor's Office. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described in the following notes.

A. REPORTING ENTITY

The City of Everett was incorporated on May 4, 1893. The City operates under a Mayor-Council form of government, and under its charter has all powers granted to like cities by the constitution and laws of the state. The City is a general-purpose government providing police, fire, emergency medical service, water distribution, sewage collection and treatment, street maintenance, planning and zoning, libraries, parks and recreation, and general administrative services - the full range of municipal services contemplated by statute or charter.

For financial reporting purposes, in conformance with GASB Statement No. 14, the City of Everett includes all governmental activities, organizations, and functions (referred to in this note as "organizations," whether they are structured as funds, departments, agencies, boards, or commissions) for which the City of Everett is financially accountable.

Also included are other organizations for which the nature and significance of their relationship with the City of Everett are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City of Everett is financially accountable for other entities if it appoints a voting majority of the governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

Each blended and discretely presented component unit has a December 31 year-end.

Blended Component Unit – Although legally separate entities, blended component units are, in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government.

The **Industrial Development Corporation (IDC)** of the City of Everett, a public nonprofit corporation, is authorized to facilitate the issuance of tax-exempt nonrecourse revenue bonds to finance industrial development within the corporate boundaries of the City. Neither the local government, the public corporation, nor the state government pledges its credit to repayment of the bonds. The funds for repayment of the bonds come from private lenders and must be repaid by the company for which the facilities are financed and built. (Refer to Note 14 - Conduit Debt).

In February 2009, the city formed a community development entity (CDE) called the "**City of Everett CDE LLC.**" The City of Everett CDE LLC is a separate legal entity whose purpose is to help alleviate poverty and incentivize investments into low income community census tracts. The Everett CDE LLC applied for New Market Tax Credits (NMTC) in April of 2009. In October 2009, the US Treasury Department awarded \$25 million in NMTC to City of Everett CDE LLC.

The IDC's and City of Everett CDE LLC's governing bodies are composed of City council members and the mayor, who serves as ex officio. As a result, the City has the ability to affect the organization's operation. There were no account balances or transactions for either entity in 2009; therefore, separate financial statements have not been issued.

Discretely Presented Component Unit – Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The **Everett Public Facilities District (PFD)**, a municipal corporation of the State of Washington, was established by City ordinance in March 2001, to finance, design, construct, operate, and maintain a special events center. The Board of Directors consists of five members, all appointed by the Everett City Council. The City is contingently liable for the 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District (PFD). As of December 31, 2009, the outstanding 2007 Variable Rate Project Revenue Bonds balance was \$27,415,000. The PFD also has outstanding Limited Sales Tax and Interlocal Revenue Bond debt of \$26,185,000 at year end. Payments for the PFD debt are expected to be made from PFD tax revenues and net project revenues. In the event that these revenues are insufficient to make any required payments, the City may be liable for the required payments on the outstanding 2007 Variable Rate Project Revenue Bond debt. The district is presented as an enterprise fund. Complete financial

statements may be obtained at the PFD administrative offices at 2000 Hewitt Avenue, Suite 200, Everett, Washington 98201.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the City's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Several major revenue sources associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. These major revenues include property taxes; business and occupation taxes; real estate excise taxes; sales tax; natural gas, telephone, and electric taxes; licenses; and interest. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The general fund is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The capital improvement reserve fund accounts for the activity and reserves associated with community, recreational and public safety improvements.

The City reports the following major proprietary funds:

- The water and sewer utility fund accounts for the distribution and filtration of water, the collection and treatment of wastewater, the collection and treatment of sewage, and for surface water management.

- The transit fund accounts for public transit transportation services, including an elderly persons with disabilities van service and a rideshare program. The transit fund also accounts for the operation of Everett Station.

Additionally, the City reports the following fund types:

- Internal service funds account for the City's self-insured medical and chiropractic health benefits, general liability, workers' compensation, and property insurance coverage, fleet management services, telecommunication services, and information technology services provided to other departments on a cost reimbursement basis.
- Pension trust funds account for the activities of the police and fire pension funds, which accumulate resources for pension benefit payments and post-employment health care benefits to qualified public safety employees.
- Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. The City uses an agency fund to account for the Downtown Business Improvement Area, the Snohomish County Police Staff and Auxiliary Service Center (SNOPAC) and the Tulalip Water Delivery System.

The City complies with all applicable GASB pronouncements. The City also complies with all private-sector standards of accounting and financial reporting issued prior to December 1, 1989, in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict GASB pronouncements. 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 has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The City has allocated certain indirect costs that are included in the program expense reported for individual functions and activities.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. All taxes are considered general revenues.

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 connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, Solid Waste Utility Fund, Transit Fund, Parking Garage Fund, Golf Fund, and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. These investments are reported in the balance sheets as cash and cash equivalents. Cash and cash equivalents are defined as cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with original maturities of three months or less. The interest on these investments is prorated to the applicable funds.

Investments – See Note 4.

Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 5), electric taxes, telephone taxes, B&O taxes, natural gas use taxes, and sales taxes. Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Notes and contracts receivable consist of amounts loaned to private individuals or organizations primarily in conjunction with the Community Home Improvement Program or the Community Development Block Grant Program.

Special assessments receivable, which are recorded when the special assessment is levied, consist of current and delinquent assessments and related interest and penalties.

Amounts Due to and from Other Funds, Interfund Loans, and Advances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Separate schedules of interfund loans, advances and amounts due to and from other funds are presented in Note 15.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services.

Inventories and Prepayments

Inventories of proprietary funds are valued using the weighted average cost method for Utilities and Golf; the moving average cost method for the Equipment Rental Fund; and the first-in, first-out cost method for Central Stores. Inventories of the governmental fund are recorded as expenditures when purchased.

Certain payments made in the current period reflect costs applicable to future accounting periods. These amounts are reported as "Prepayments" in both the government-wide and fund financial statements.

Restricted Assets and Liabilities

Constraints imposed by debt covenants and laws and regulations of other governments require that the City maintain cash accounts, investments and receivables for certain purposes. These accounts contain resources for construction, escrow requirements and debt service, including special assessments receivable. Related liabilities are included in "Deferred revenues" in the statement of net assets. Specific debt service requirements are disclosed in Note 10.

Restricted assets of governmental activities include the following:

Special assessments receivable	<u>\$ 228,326</u>
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Restricted assets of business-type activities

include the following for the Water and Sewer Utility:

Revenue bond debt service accounts	\$ 11,417,312
Escrow required by Snohomish County Health District	54,186
Special assessments receivable	<u>11,072</u>
Total	<u>\$ 11,482,570</u>

Capital Assets and Depreciation - See Note 6.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick leave and vacation benefits. Employees may accumulate a maximum of between 960 and 1,176 hours of sick leave depending upon the collective bargaining unit agreement or City ordinance that applies to them. Upon separation from City employment, eligible employees will be compensated between 0 and 520 hours of their sick leave balance, depending upon the applicable collective bargaining agreement or City ordinance.

A long-term liability for a portion of accumulated sick leave has been recorded in the government-wide and proprietary fund financial statements using the vesting method. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Eligible employees may accumulate a maximum of between 384 and 448 hours of vacation leave in accordance with the applicable collective bargaining agreement or City ordinance but may not accumulate more than two full years of earned vacation. At the time of retirement or separation from the City, eligible employees will be compensated for a maximum of 240 to 448 hours of their accrued vacation balance, again depending on the applicable collective bargaining agreement or City ordinance.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Deferred Revenue

Both governmental and proprietary funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (See note 1-C for revenue recognition criteria).

The components of deferred revenue as of December 31, 2009 are detailed below.

Deferred Revenue - unearned:	Governmental Activities	Business-Type Activities
Grant drawdowns prior to meeting all eligibility requirements	\$ 496,397	\$ -
Revenues received in advance	67,111	200,695
Contracts and agreements receivable	-	6,629
Total Deferred Revenue - unearned	\$ 563,508	\$ 207,324

Deferred Revenue - unavailable:	Governmental Funds
Delinquent property taxes receivable	\$ 1,371,173
Note receivable	\$ 1,151,400
Special assessments not yet due	228,326
Total Deferred Revenue - unavailable	\$ 2,750,899

Short-term Debt

The City did not issue short-term debt during 2009.

Long-term Debt

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

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

Detailed information on long-term debt outstanding at year-end is presented in Note 10 and Note 12.

Other accrued liabilities

These accounts include accrued employee benefits, customer deposits, and pollution remediation liabilities.

Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. A designation of fund balance is used to identify amounts set aside by management for tentative future purposes.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.**

The governmental funds balance sheet includes a reconciliation between Total Fund Balances – Governmental Funds and Total Net Assets-Governmental Activities as reported in the government-wide statement of net assets. Certain items in the reconciliation are a combination of items reported at net. These items are detailed as follows:

Capital assets not reported in total governmental funds:

Cost of capital assets	\$ 406,340,438
Fair value of annexed land and infrastructure	1,827,540
Accumulated depreciation	<u>(102,784,134)</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net assets of governmental activities.

\$ 305,383,844

Long-term debt not reported in total governmental funds:

Bonds payable	\$ (29,869,538)
Compensated absences accrued	(8,264,222)
Deferred charge for issuance costs (to be amortized over the life of the debt)	173,059
Unamortized balance of bond premiums	(172,082)
Accrued interest payable	(71,675)
Capital leases	<u>(7,397)</u>

Net adjustment to reduce total fund balances of government funds to arrive at net assets of governmental activities

\$ (38,211,855)

Internal service funds reported separately with business-type funds:

Internal service funds - total fund equity	\$ 7,012,619
Amount allocated to internal balances - business-type activities	<u>1,409,595</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net assets of governmental activities.

\$ 8,422,214

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between Net changes in fund balances-Total Governmental Funds and Change in net assets-Governmental Activities as reported in the government-wide statement of activities. Certain items in the reconciliation are a combination of items reported at net. These items are detailed as follows:

The net effect of various miscellaneous transactions involving capital assets:

Book value of disposed assets:	
Cost of government-type capital assets disposed	\$ (12,575,661)
Accumulated depreciation of disposed assets	430,717
Book value of property transferred from governmental to business-type funds	<u>(52,329)</u>
Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (12,197,273)</u>

The amount by which capital outlays exceed depreciation in the current period:

Expenditures that are capitalized	\$ 16,892,046
Current depreciation expense	<u>(9,109,975)</u>
Net adjustment to increase (reduce) net change in fund balance-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 7,782,071</u>

The net effect of the differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	\$ 5,361,798
Decrease (increase) in interest payable	7,538
Decrease (increase) in compensated absences liability	20,662
Amortization of issuance costs	(9,614)
Amortization of bond premium	<u>9,560</u>
Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 5,389,944</u>

The net revenue (expense) of certain activities of internal service funds:

Interest revenue allocated from internal service funds to governmental activities	\$ 148,008
Net expense allocated from internal service funds to governmental activities	(2,140,142)
Interfund transfers in	<u>(5,004)</u>
Net adjustment to reduce net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (1,997,138)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budget****Scope of Budget**

Annual appropriated budgets are adopted for the general fund, special revenue funds, and debt service funds, on a basis consistent with generally accepted accounting principles. Budget-to-actual comparison statements are presented for these funds.

Annual appropriated budgets are also adopted for the proprietary funds; however, they are "management budgets" and are not required to be presented in these statements. Budgets for capital project funds are adopted at the individual-project level and for fiscal periods that correspond to the projects. Because these funds are not budgeted on an annual basis, budgetary comparisons are not presented.

Legal budgetary control is established at the fund level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers are used to monitor expenditures for individual functions and activities by object class. Annual appropriations for all funds lapse at year-end.

Amending the Budget

The Mayor is authorized to transfer appropriations between programs within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding public hearings. The budget was amended by ordinance three times in 2009.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes.

Compliance

As of December 31, 2009, the following funds reported deficits in fund balance or fund equity:

Fund 402 – Solid Waste had a deficit fund equity balance of \$1,904,273. To eliminate the deficit, the City passed Ordinance 3094-08 increasing solid waste fees. The deficit is expected to be eliminated over the next two years.

Fund 440 – Golf had a deficit fund equity balance of \$2,034,025. To eliminate the Golf deficit, the City implemented a business plan that includes a rate increase, debt restructure, a new management contract, and other cost saving measures. The deficit is expected to be eliminated as the business plan is phased in over the next several years.

Fund 503 – Self Insurance had a deficit fund equity balance of \$62,831. The cost allocation rates charged to departments will be increased to eliminate the deficit.

There were no other material violations of finance-related legal or contractual provisions in any of the funds of the City.

NOTE 4 – DEPOSITS AND INVESTMENTS**Deposits**

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, the State of Washington Local Government Investment Pool, Bankers' Acceptances or certificates of deposit with Washington State Banks.

The Washington Local Government Investment Pool (LGIP) is an unrated investment pool that operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The fair value of the portfolio is calculated by the master custodian or by an independent pricing service under contract with the State Treasurer's Office. The fair value of the City's position in the State of Washington Local Government Investment Pool is the same as the value of the pool shares.

All Fire and Police Pension Fund investments are purchased through and held by RBC Dain Rauscher. The cash and securities held by RBC Dain Rauscher are insured up to the Net Asset Value of the accounts. Securities Investor Protection Corporation (SIPC) insures up to \$500,000, and Lloyd's of London insures amounts over \$500,000 up to a maximum of \$99,500,000. The investment held by RBC Dain Rauscher is excluded from the concentration of credit risk presented in the following page.

Interest Rate Risk

In accordance with the City's Investment Policy, maturities of investments are selected based on the City's liquidity requirements and market conditions to limit exposure to fair value losses arising from rising interest rates and

maximize earnings within a conservative framework. The weighted average maturity of the City's portfolio on December 31, 2009, was 6.3 years.

Credit Risk

Safety of principal is the foremost objective of the City's investment program. City investments are undertaken in a conservative manner that seeks to ensure the preservation of the portfolio's capital. The City holds investments in US Treasuries and Government Agencies, all of which hold AAA ratings from Standard & Poor's and Aaa from Moody's Investor Services.

Concentration of Credit Risk

The City's Investment Policy limits investment in any one US Government Agency issuer to no more than 70 percent of the portfolio value, and other government obligations, repurchase agreements, banker's acceptances, certificates of deposit, and savings or time deposits in any one issuer to no more than 10 percent. There is no restriction on the City's percentage of investment in Treasuries or the State Investment Pool.

As of December 31, 2009, the City had the following investments and maturities:

	FAIR VALUE	Weighted Avg Maturity (in years)
Investments:		
Agencies:		
FHLMC	\$ 16,288,538	
FFCB	55,517,498	
FHLB	48,199,216	
FNMA	33,243,227	
Total Investments	<u>\$ 153,248,479</u>	
Deposits:		
State Pool	\$ 14,346,777	
Deposit Account - Cascade Bank	12,791,552	
Total Deposits	<u>\$ 27,138,329</u>	
TOTAL INVESTMENTS & DEPOSITS	<u>\$ 180,386,808</u>	6.3

Interest Allocation

Interest earnings are distributed monthly among funds based on average cash balances. However, in certain cases where a fund's resources derive from another fund, investment income is reported in the fund that is providing the resources rather than the fund that reports the underlying investment. These special distributions include the following:

Fund Reporting Investment	Fund Receiving Investment Income
Fund 115 - Special Projects - Salmon Habitat	Fund 002 - General Fund
Fund 160 - Rainy Day Fund	Fund 002 - General Fund
Fund 162 - Capital Improvement Fund - CIP 4	Fund 002 - General Fund
Fund 342 - City Facilities Construction Fund	Fund 002 - General Fund
Fund 354 - Parks CIP 3 Construction Fund	Fund 154 - Real Estate Excise Tax Fund
Fund 360 - Block Grant Improvement Fund	Fund 198 - Community Development Block Grants

NOTE 5 - PROPERTY TAXES

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Properties listed on the County tax rolls as of May 31 are included in the annual tax levy the following January 1. New construction through August 31 is included in the annual tax levy the following January 1.

Property taxes levied by the County Assessor are based on 100% of market value. The taxes are collected by the County Treasurer and become a lien on the first day of the levy year and may be paid in two equal installments if the total amount exceeds \$50. The first half of real property taxes is due April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties of 3% to 11% if not paid as scheduled.

Property tax revenues are recognized in the year levied. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer within sixty days and an adjustment to taxes receivable and deferred revenue is made to account for delinquent taxes. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The tax rate for general City operations is limited by State law (RCW 84.52.043) to \$3.375 per \$1,000 of assessed value. An additional amount, up to \$0.225, may be levied as a contribution to the Firemen's Pension Fund if a report by a qualified actuary indicates that additional funds are required. The City maintains a Firemen's Pension Fund; thus the limit is \$3.600. This amount may be reduced for any of the following reasons:

- (1) **RCW 84.52.050** limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
- (2) **Initiative 747** passed by the voters in November of 2001 limits the amount by which a taxing jurisdiction can increase the amount of its regular property tax levy to the lesser of the Implicit Price Deflator (IPD) or one percent, plus adjustments for new construction and annexations. Tax increases higher than one percent must be approved by the voters at an election held according to RCW 84.55.050. A simple majority vote is required.

For 2009, the City levied the following property taxes on an assessed value of \$14,261,787,954. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

PURPOSE OF LEVY	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General government	\$2.197	\$ 31,327,720
Emergency medical services	0.305	4,351,065
TOTAL CITY LEVY	\$2.502	\$ 35,678,785

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital assets consist of land, buildings, improvements, machinery and equipment, and infrastructure (e.g., roads, bridges, traffic controls, library collections, and similar items) with an estimated useful life of more than one year. Land is capitalized at cost with no minimum threshold. Buildings, improvements, and machinery and equipment are capitalized when the cost of an individual item is equal to or greater than \$5,000. Infrastructure assets are capitalized when the cost equals or exceeds \$200,000. Assets are valued at actual historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets and infrastructure are valued at their estimated fair value on the date received. Capital assets financed by capital leases are recorded at the present value of lease payments. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. The costs of normal maintenance and repairs of both governmental and business-type assets are charged to operations as incurred.

Capital assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets of the internal service funds are reported with governmental assets in the statement of net assets.

A summary of changes in governmental capital assets appears as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 01/01/09	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 12/31/09
Capital assets, not being depreciated:					
Land	\$ 69,788,401	\$ 910,971	\$ -	\$ (11,954,122)	\$ 58,745,250
Construction in progress *	26,769,237	11,339,694	(26,191,950)	(407,456)	11,509,525
Total capital assets, not being depreciated	96,557,638	12,250,665	(26,191,950)	(12,361,578)	70,254,775
Capital assets, being depreciated					
Buildings	78,930,357	172,799	6,321,403	(379,360)	85,045,199
Improvements other than buildings	29,089,991	-	1,552,086	(288,937)	30,353,140
Infrastructure	183,567,348	3,317,252	18,318,461	(4,796,108)	200,406,953
Machinery and equipment	23,843,270	1,788,522	(130,026)	(760,496)	24,741,270
Total capital assets being depreciated	315,430,966	5,278,573	26,061,924	(6,224,901)	340,546,562
Less accumulated depreciation for:					
Buildings	(23,537,306)	(1,956,003)	-	271,900	(25,221,409)
Improvements other than buildings	(12,610,652)	(1,560,620)	-	241,116	(13,930,156)
Infrastructure	(51,191,427)	(4,036,190)	-	4,796,108	(50,431,509)
Machinery and equipment	(14,082,374)	(1,711,215)	77,697	721,706	(14,994,186)
Total accumulated depreciation	(101,421,759)	(9,264,028)	77,697	6,030,830	(104,577,260)
Total assets being depreciated, net	214,009,207	(3,985,455)	26,139,621	(194,071)	235,969,302
Governmental activities capital assets, net	\$ 310,566,845	\$ 8,265,210	\$ (52,329)	\$ (12,555,649)	\$ 306,224,077

* The deletion of construction in progress of \$407,456 in governmental activities represents project costs that did not result in a capital asset and that were expensed in the current year.

A summary of changes in business-type capital assets appears as follows:

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE 01/01/09	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 12/31/09
Capital assets, not being depreciated:					
Land	\$ 19,784,524	\$ 3,663	\$ 12,612,024	\$ -	\$ 32,400,211
Construction in progress *	101,148,144	43,781,996	(42,049,361)	(1,107,371)	101,773,408
Total capital assets, not being depreciated	120,932,668	43,785,659	(29,437,337)	(1,107,371)	134,173,619
Capital assets, being depreciated					
Buildings	144,853,280	91,984	9,753,305	-	154,698,569
Improvements other than buildings	362,293,815	603,865	19,684,032	-	382,581,712
Machinery and equipment	28,989,141	2,846,250	130,026	(1,001,295)	30,964,122
Total capital assets being depreciated	536,136,236	3,542,099	29,567,363	(1,001,295)	568,244,403
Less accumulated depreciation for:					
Buildings	(45,680,935)	(3,317,994)	-	-	(48,998,929)
Improvements other than buildings	(106,677,399)	(8,508,467)	-	-	(115,185,866)
Machinery and equipment	(16,690,993)	(2,317,145)	(77,697)	925,269	(18,160,566)
Total accumulated depreciation	(169,049,327)	(14,143,606)	(77,697)	925,269	(182,345,361)
Total assets being depreciated, net	367,086,909	(10,601,507)	29,489,666	(76,026)	385,899,042
Business-type activities capital assets, net	\$ 488,019,577	\$ 33,184,152	\$ 52,329	\$ (1,183,397)	\$ 520,072,661

* The deletion of construction in progress of \$1,107,371 in business-type activities represents project costs that did not result in a capital asset and that were expensed in the current year.

Depreciation

Annual depreciation is recorded as an expense of the related activity. Provision for depreciation is computed using the straight-line method over estimated service life as follows:

	<u>Estimated Service Life</u>
Buildings	25-50 Years
Improvements Other Than Buildings	5-50 Years
Infrastructure	10-50 Years
Machinery and Equipment	2-20 Years

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

GOVERNMENTAL ACTIVITIES	
General government services	\$ 443,854
Police	879,038
Fire	834,270
Engineering & construction services	271,512
Transportation	3,670,483
Community services	80,107
Library	737,100
Culture and recreation	2,220,172
Internal service allocated to business-type activities	120,870
Total depreciation - governmental activities	\$ 9,257,406
BUSINESS-TYPE ACTIVITIES	
Water	\$ 4,311,484
Sewer	6,217,205
Solid waste	276,527
Parking	42,926
Transit	2,756,259
Golf	656,831
Internal service allocated to business-type activities	(120,870)
Total depreciation - business-type activities	\$ 14,140,362
Total depreciation - all activities	\$ 23,397,768

NOTE 7 - PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2, AND 3**Plan Descriptions**

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges; college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is two percent of the average final compensation (AFC) per year of service, capped at sixty percent. The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. The benefit is also actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. The AFC is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to age 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. The benefit is also reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Seattle Consumer Price Index), capped at 3 percent annually.

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

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

Judicial Benefit Multiplier

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

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

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

There are 1,192 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 Non-vested	56,456
Total	262,057

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2, and the employer contribution rate for Plan 3, are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with RCW Chapters 41.40 and 41.45.

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

Members not participating in JBM:

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

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

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.5% for Plan 1 and 3.90% for Plan 2.

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

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer - State Agency*	7.81%	7.81%	7.81%**
Employer - Local Govt.*	5.31%	5.31%	5.31%**
Employee - State Agency	9.76%	7.25%	7.5%***
Employee - Local Govt.	12.26%	9.75%	7.5%***

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

** Plan 3 defined benefit portion only.

*** Minimum rate.

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

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$ 254,104	\$ 2,789,720	\$ 531,976
2008	260,693	2,628,363	515,028
2007	244,194	1,983,476	374,488

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$ -	\$ 7,884	\$ -
2008	-	6,821	-
2007	-	2,384	-

LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2

Plan Descriptions

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

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

LEOFF defined benefits are financed from a combination of investment earnings, employee and employer contributions, and a special funding situation in which the state pays the remainder through state legislative

appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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

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

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

LEOFF Plan 2 members are vested after the completion five years of eligible service. Plan 2 members may retire at age 50 with 20 years of service, or at age 53 with 5 years of service, with an allowance of 2 percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 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 Non-vested	<u>3,927</u>
Total	26,965

Funding Policy

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 rates are developed 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 LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

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

	LEOFF Plan 1	LEOFF Plan 2
Employer *	0.16%	5.24%**
Employee	0.00%	8.46%
State	n/a	3.38%

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

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

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

	LEOFF Plan 1	LEOFF Plan 2
2009	\$ 2,321	\$ 1,854,300
2008	2,417	1,709,725
2007	2,666	1,520,769

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

Plan Description

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

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

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

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

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

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

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 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 of each year between the age of retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date of the plan 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 Non-vested	3,981
Total	3,982

Funding Policy

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 RCW chapters 41.37 and 41.45.

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

PSERS Plan 2	
Employer *	7.85%
Employee	6.55%

* The employer rates include 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 years ended December 31 were as follows:

PSERS Plan 2	
2009	\$ 55,608
2008	56,666
2007	49,963

FIRE PENSION FUND / POLICE PENSION FUND

Plan Description

The City is also the administrator of the Fire and Police pension systems shown as trust funds in the City's financial reports. Separate financial statements are not issued. Both systems are closed single-employer defined benefit pension plans established in conformance with RCWs 41.16, 41.18 and 41.20. These plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firefighters and police officers employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the plans consists of paying all benefits, including payment to beneficiaries, for members who retired prior to March 1, 1970 and excess benefits over LEOFF for covered members who retired or will retire after March 1, 1970.

Membership of the Plans consisted of the following as of December 31, 2009:

- Retirees and beneficiaries of deceased retirees retiring prior to March 1, 1970 currently receiving full pension benefits from the Fire and Police Pension Fund number 6 and 9, respectively.
- Retirees and beneficiaries of deceased retirees retiring on or after March 1, 1970 currently receiving benefits in excess of what LEOFF provides from the Fire and Police Pension Funds number 97 and 48, respectively.

Fire Pension members are eligible for retirement after serving 25 years and reaching the age of 50. Members retiring with 25 years of service are paid 50 percent of the basic salary attached to the rank held at the date of retirement. Members retiring with more than 25 years of service will receive an additional 2% of their base for each full year of additional service up to a maximum of five additional years.

Police Pension members are eligible for retirement after serving for 25 years. Members retiring with 25 years of service are paid 50 percent of the basic salary attached to the position held for the year preceding the date of retirement, up to the position of captain. Members retiring with more than 25 years of service will receive an additional 2% of their base for each full year of additional service up to a maximum of five additional years.

There were no changes in benefit provisions in the current year.

The Fire Pension Fund is administered by a fire pension board comprised of the mayor or a designated representative who shall be an elected official of the City, who shall be the chairperson of the board, the City council budget committee chairperson, the City clerk, and two regularly employed or retired fire fighters elected by secret ballot of the employed and retired fire fighters.

The Police Pension Fund is administered by a police pension board comprised of the mayor or his designated representative who shall be an elected official of the City, the City clerk, the City treasurer, president of the City

council, and three active or retired members of the police department elected by active and retired members of the police department.

Summary of Significant Accounting Policies

The Fire Pension Fund and the Police Pension Fund financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments are reported at fair value, as provided by the custodian. Details on the investments of the Fire Pension Fund and Police Pension Fund are included in Note 4.

Funding Policy

There have been no employee contributions to the fire pension plan since March 1, 1970. The primary sources of funding for this plan are property taxes levied by the City and interest earnings. In addition, State Law earmarks 25 percent of the tax on fire insurance premiums collected by the State for distribution to cities for fire pensions. In 2009, the City received \$144,020 in fire insurance premium tax.

There have been no employee contributions to the police pension plan since March 1, 1970. The primary sources of funding for this plan are property taxes levied by the City and interest earnings.

Administrative costs for both plans are financed through interest earnings.

The City's annual pension cost and net pension obligation for the current year were as follows:

	FIRE PENSION FUND	POLICE PENSION FUND
Annual Required Contribution (ARC)	\$ 280,290	\$ 250,529
Actuarial Adjustment to ARC	53,035	31,411
Interest on Net Pension Obligation (Asset)	(58,338)	(34,553)
Annual Pension Cost (APC)	274,987	247,387
Contributions Made	202,586	64,379
Increase / (Decrease) in Pension Obligation	72,401	183,008
Net Pension Obligation (Asset) at beginning of year	(1,166,762)	(691,052)
Net Pension Obligation (Asset) at end of year	<u>\$ (1,094,361)</u>	<u>\$ (508,044)</u>

The negative net pension obligation is a result of the City overpaying its annual required pension cost; the resulting net pension asset has been recorded on the City's government-wide Statement of Net Assets.

The following schedules present three-year trend information for the Fire and Police Pension Funds. The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

FIRE PENSION FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2009	\$ 274,987	73.4%	\$ (1,094,361)
December 31, 2008	257,027	58.1%	(1,166,762)
December 31, 2007	242,982	136.7%	(1,274,421)

POLICE PENSION FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2009	\$ 247,388	26.0%	\$ (508,044)
December 31, 2008	181,350	0.0%	(691,052)
December 31, 2007	170,823	106.6%	(872,403)

Funded Status and Funding Progress

The City uses the aggregate cost method to determine the annual pension cost and net pension obligation (asset). Because this method does not generate an unfunded actuarial liability or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose. This information is intended to serve as a surrogate for the funded status and funding progress of the plans.

The funded status of each plan as of the most recent actuarial valuation date is as follows:

As of December 31, 2008 the Fire pension plan was 45% funded. The actuarial accrued liability for benefits was \$11.5 million, the actuarial value of assets was \$5.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1,019,299, and the ratio of the UAAL to the covered payroll was 613.26%.

As of December 31, 2008 the Police pension plan was 23% funded. The actuarial accrued liability for benefits was \$7.0 million, the actuarial value of assets was \$1.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$880,684, and the ratio of the UAAL to the covered payroll was 610.75%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements currently presents only one year of funding progress, as 2009 was the first year the city was required to present this information. In future years, the schedule will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police Pension funds. The most recent actuarial study of the Fire and Police Pension Fund systems was computed by Northwest Plan Services to determine the funded status as of December 31, 2008. The actuarial cost method used in the valuation was the Aggregate Cost Method, with the annual normal cost spread over the pension period ending December 31, 2030. Under the Aggregate Cost Method, the present value of all future projected benefits expected to be paid out by the plan is determined as of the valuation date. From this amount, the current market value of plan assets is deducted. Also deducted in the Fire Pension Fund is the expected present value of future fire insurance premiums. Then, the amount necessary to actuarially fund the net present value is determined, assuming a closed amortization period of 22 years, that the City's contribution will be increased at 5 percent each year, and that the fire insurance premiums will continue to be remitted

to the Fire Pension Fund until the fund is exhausted. This amortization method approximates the level percentage of payroll amortization method.

The Aggregate Cost Method does not generate an unfunded actuarial liability, separately amortize unfunded actuarial liabilities, or separately identify the actuarial gain or loss for the year. The information presented is intended to provide information about funded status and funding progress using entry age method as a surrogate. All covered employees and benefits are included in the valuation. The mortality rates are determined using the RP-2000 mortality tables for males and females.

Additional actuarial assumptions include: annual cost of living increase for LEOFF benefits of 3%, annual cost of living increase for City benefits of 3.5%; a 5% interest rate-down from 6% in the last actuarial study; and annual wage increases of 4%-down from 5% in the last actuarial study.

Separate financial statements are not issued for the fire and police pension funds. The statement of fiduciary net assets and the statement of changes in fiduciary net assets for the pension funds can be found at the end of Note 8.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the Fire and Police Pension Plans described in Note 7 above, the City is also the administrator of the Fire and Police defined benefit post-employment healthcare plans.

Plan Descriptions

Both plans are closed single-employer defined benefit healthcare plans shown as trust funds in the City's financial reports. Separate financial statements are not issued. In accordance with RCW 41.26, the City provides lifetime medical care for firefighters and law enforcement officers employed prior to October 1, 1977. The City is self-insured and pays actual claims incurred by plan participants. The City carries individual and aggregate stop loss insurance to mitigate the risk associated with being self-insured. The plans are administered by the same boards that administer the Fire and Police Pension Plans as described in Note 7.

There are 8 active firefighter plan participants and 122 firefighter retirees currently receiving benefits. There are 7 active law enforcement plan participants and 86 law enforcement retirees currently receiving benefits.

Summary of Significant Accounting Policies

The Fire Healthcare Fund and the Police Healthcare Fund financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments are reported at fair value, as provided by the custodian. Details on the investments of the Fire and Police Healthcare Funds are included in Note 4.

Funding Policy

Neither Fire nor Police retirees contribute towards the cost of his/her medical care. The primary sources of funding for both plans are property taxes levied by the City and interest earnings. In addition, the City receives a small Medicare D subsidy. In 2009, the City received \$83,406 in Medicare D reimbursements, which were split between the two funds. Administrative costs are financed through interest earnings.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over the next 22 years. The following table shows the components of the City's annual OPEB costs for the year, the amounts actually contributed to the plans, and the change in the City's net OPEB asset.

	FIRE HEALTHCARE FUND	POLICE HEALTHCARE FUND
Annual Required Contribution (ARC)	\$ 841,834	\$ 820,092
Actuarial Adjustment to ARC	200,434	218,471
Interest on Net OPEB Obligation (Asset)	<u>(220,477)</u>	<u>(240,318)</u>
Annual OPEB Cost (expense)	821,791	798,245
Contributions Made	<u>331,871</u>	<u>364,813</u>
Increase / (Decrease) in OPEB Obligation	489,920	433,432
Net OPEB Obligation (Asset) at beginning of year	(4,409,540)	(4,806,358)
Net OPEB Obligation (Asset) at end of year	<u><u>\$ (3,919,620)</u></u>	<u><u>\$ (4,372,926)</u></u>

The negative net OPEB obligations shown above are the result of the City overpaying its annual required contribution; the net OPEB asset has been recorded in the City's government-wide Statement of Net Assets.

The following schedules present three-year trend information for the Fire and Police OPEB Funds. The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

FIRE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2009	\$ 821,791	40.4%	\$ (3,919,621)
December 31, 2008	1,081,800	2.9%	(4,409,540)
December 31, 2007	1,048,704	325.6%	(5,459,815)

POLICE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2009	\$ 798,245	45.7%	\$ (4,372,926)
December 31, 2008	1,017,369	3.1%	(4,806,358)
December 31, 2007	990,144	366.4%	(5,792,201)

Funded Status and Funding Progress

The City uses the aggregate cost method to determine the annual OPEB cost and net OPEB obligation (asset). Because this method does not generate an unfunded actuarial liability or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose. This information is intended to serve as a surrogate for the funded status and funding progress of the plans.

The funded status of each plan as of the most recent actuarial valuation date is as follows:

As of December 31, 2008 the Fire healthcare plan was 61% funded. The actuarial accrued liability for benefits was \$48.3 million, the actuarial value of assets was \$29.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$18.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1,019,299, and the ratio of the UAAL to the covered payroll was 1844.51%.

As of December 31, 2008 the Police Healthcare plan was 52% funded. The actuarial accrued liability for benefits was \$36.4 million, the actuarial value of assets was \$18.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$17.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$880,684, and the ratio of the UAAL to the covered payroll was 1999.27%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements currently presents two years of funding progress; 2006 was the first year the city was required to present this information. In future years, the schedule will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police OPEB funds. The most recent actuarial study of the Fire and Police OPEB Fund systems was computed by Northwest Plan Services to determine the funded status as of December 31, 2008. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used in the valuation was the Aggregate Cost Method, with the annual normal cost spread over the pension period ending December 31, 2030. Under the Aggregate Cost Method, the present value of all future projected benefits expected to be paid out by the plan is determined as of the valuation date. From this amount, the current market value of plan assets is deducted. Then, the amount necessary to actuarially fund the net present value is determined assuming a closed amortization period of 22 years and that the City's contribution will be increased at 5 percent each year. This amortization method approximates the level percentage of payroll amortization method.

The Aggregate Cost Method does not generate an unfunded actuarial liability, separately amortize unfunded actuarial liabilities, or separately identify the actuarial gain or loss for the year. The information presented is intended to provide information about funded status and funding progress using entry age method as a surrogate. All covered employees and benefits are included in the valuation. The mortality rates are determined using the RP-2000 mortality tables for males and females.

Additional actuarial assumptions include: cost of living increase for LEOFF benefits 3%, for City benefits 3.5%; investment return 5%; and wage increase 5%. The assumed investment return was lowered from 6% to 5% since the prior actuarial study. In addition, the medical cost trend rate was decreased to 12.0% in year 1, grading down to 7.5% in year 10 and after. The prior actuarial study assumed a medical cost trend rate of 12.5% in year 1, grading down to 8.5% in year 17 and after.

Separate financial statements are not issued for the fire and police healthcare funds. The statement of fiduciary net assets appears immediately below, and the statement of changes in fiduciary net assets for the healthcare and pension funds appears on the following page.

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2009**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 121,586	\$ 64,905	\$ 80,031	\$ 128,238	\$ 394,760
Investments					
Agency & GSE Bonds	1,024,276	17,902,319	4,589,359	28,464,831	51,980,785
Interest receivable	12	103,925	-	245,696	349,633
TOTAL ASSETS	1,145,874	18,071,149	4,669,390	28,838,765	52,725,178
LIABILITIES					
Accounts payable	\$ 583	\$ 7,475	\$ -	\$ 7,269	15,327
Due to Other Governmental Units	3		210	-	213
Total Current Liabilities	586	7,475	210	7,269	15,540
TOTAL LIABILITIES	586	7,475	210	7,269	15,540
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 1,145,288	\$ 18,063,674	\$ 4,669,180	\$ 28,831,496	\$ 52,709,638

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ 64,379	\$ 406,516	\$ 58,566	\$ 373,574	\$ 903,035
State	-	-	144,020	-	144,020
Total contributions	64,379	406,516	202,586	373,574	1,047,055
Investment income					
Interest	141,161	825,877	323,841	1,453,359	2,744,238
Net appreciation (depreciation) in fair value	(74,722)	(397,603)	(188,186)	(796,057)	(1,456,568)
Net investment income	66,439	428,274	135,655	657,302	1,287,670
TOTAL ADDITIONS	130,818	834,790	338,241	1,030,876	2,334,725
DEDUCTIONS:					
Benefits	618,165	1,502,414	870,154	1,621,669	4,612,402
Administrative expense	59	26,314	59	26,274	52,706
TOTAL DEDUCTIONS	618,224	1,528,728	870,213	1,647,943	4,665,108
CHANGE IN NET ASSETS					
Pension benefits	(487,406)		(531,972)		(1,019,378)
Postemployment healthcare benefits		(693,938)		(617,067)	(1,311,005)
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	1,632,694		5,201,152		6,833,846
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		18,757,612		29,448,563	48,206,175
NET ASSETS - ENDING	\$ 1,145,288	\$ 18,063,674	\$ 4,669,180	\$ 28,831,496	\$ 52,709,638

NOTE 9 - RISK MANAGEMENT

The City of Everett is exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters.

The City combines the reporting of risk management activities into one internal service fund – the Self-Insurance Fund – to account for and finance uninsured risks. All departments of the City make payments through interfund assessments to the self-insurance fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

The City is self-insured to \$1,000,000 for general liability, auto liability (excluding transit), law enforcement liability, errors and omissions liability and employment practices liability. Workers' compensation is self-insured with varying retention levels, subject to a maximum retention of \$750,000 per occurrence. Unemployment compensation costs are self-insured by paying the actual benefit cost.

The liability arising out of the operations of the George Culmback Dam is also self-insured. The Culmback Dam is a joint project with Snohomish County PUD No. 1. As such, payment of claims and expenses would be jointly shared between the two entities. To date, there has never been a claim made arising out of the dam operations. The reserve balance in said fund is sufficient to address the current self-insured retention of \$2,000,000.

The City purchases commercial insurance for claims in excess of the self-insured retentions and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Everett Transit is a member of the Washington State Transit Insurance Pool (WSTIP). Liability insurance is provided through the Pool with limits of \$20,000,000 and a \$0 deductible for auto liability and \$5,000 deductible for public officials liability.

Claims liabilities are based on the estimated ultimate cost of settling the claim, including case reserves and incurred but not reported (IBNR) claims. Case reserves for general, auto (excluding Transit), employment and law enforcement liabilities are estimated and projected by the Risk Management Division and the City's third-party administrator on a case-by-case basis using historical experience. Case reserves for Transit liability claims are estimated by the Transit pool, WSTIP. Case reserves for workers' compensation claims are estimated by the City's third-party administrator using statistical reserving formulas and historical experience. Claims liabilities include estimates for expenses related to adjusting/investigating and defending the claim or lawsuit.

At December 31, 2009 the estimated liability totaled \$11,053,065, consisting of \$6,402,986 for tort liability, \$4,541,102 for workers' compensation, and \$108,977 for unemployment compensation. These estimates are based on the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are not discounted.

Changes in the funds' claims liability amounts in fiscal years 2008 and 2009 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
Tort Liability:					
2009	3,963,107	2,610,676	744,626	(915,423)	6,402,986
2008	3,912,943	489,451	240,863	(680,150)	3,963,107
Workers' Compensation:					
2009	3,822,715	2,215,987	278,982	(1,776,582)	4,541,102
2008	3,688,133	1,570,692	120,352	(1,556,462)	3,822,715
Unemployment Compensation:					
2009	87,088	150,891	38,655	(167,657)	108,977
2008	62,618	100,486	57,965	(133,981)	87,088

In 1995, the City created a self-insured health benefits program for its employees as a means to contain rising health benefit costs. The Health Benefits Reserve Fund 508 was established to account for the disbursement of actual medical expenses, associated administrative costs, and reserves for this program.

In order to mitigate its risk exposure the City holds individual and aggregate stop loss insurance, and maintains both claims fluctuation and "incurred but not reported" IBNR reserves. The claims fluctuation reserve of \$982,020 is equal to 10 percent of the estimated maximum annual claims liability. The current IBNR reserve of \$1,650,186 is based on an analysis of the most recent twelve months of incurred claims with applied monthly completion factors.

Changes in the fund's incurred but not reported (IBNR) claims liability in fiscal years 2008 and 2009 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
IBNR Liability:					
2009	1,538,413	7,118,496	111,773	(7,118,496)	1,650,186
2008	1,929,518	4,871,518	(391,105)	(4,871,518)	1,538,413

NOTE 10 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to finance the purchase, acquisition, and/or the construction of capital assets. As of 12/31/09, only general government general obligation bonds are outstanding. These are being repaid from governmental activity resources. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 to 25-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding at December 31, 2009 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF ISSUE	DATE OF	INTEREST RATE(S)	AMOUNT		
		FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	DEBT OUTSTANDING
Governmental Activities						
01 Variable Rate Demand Bonds - capital	12-13-01	12-13-21	Variable	13,000,000	-	13,000,000
03 LTGO and Refunding Bonds - capital	01-01-03	12-31-27	3.00-5.00%	19,200,000	4,200,000	15,000,000
Total Governmental Activities				32,200,000	4,200,000	28,000,000
TOTAL GENERAL OBLIGATION BONDS				\$ 32,200,000	\$ 4,200,000	\$ 28,000,000

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

YEAR ENDING DECEMBER 31,	<u>GOVERNMENTAL ACTIVITIES</u>		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2010	1,600,000	822,800	2,422,800
2011	1,000,000	767,600	1,767,600
2012	1,150,000	756,400	1,906,400
2013	1,400,000	739,200	2,139,200
2014	1,400,000	712,000	2,112,000
2015 - 2019	10,350,000	3,080,175	13,430,175
2020 - 2024	10,000,000	1,479,000	11,479,000
2025 - 2029	1,100,000	90,000	1,190,000
TOTAL	\$28,000,000	\$ 8,447,175	\$ 36,447,175

Interest on the 2001 Variable Rate Demand Bonds is paid monthly at a rate to be determined weekly using the Bond Market Association Municipal Swap Index. The rate in effect at 12/31/09 was 0.40%. In addition, the City pays a quarterly management fee assessed at 22 basis points on the outstanding principal balance and an annual remarketing fee assessed at 12.5 basis points on the outstanding principal balance. These bonds contain a put feature that allows bondholders to demand payment at par with seven days notice. As a condition to the issuance of the Bonds, the City obtained a direct pay letter of credit issued by Bank of America. The Letter of Credit is an irrevocable obligation of the Bank with an available amount equal to the sum of the outstanding principal plus 35 days of interest. This Letter of Credit will remain in force until December 1, 2011, at which time the City will seek a renewal. The bonds are also subject to redemption, in whole or in part, at the option of the City on any interest payment date at a redemption price equal to the principal amount thereof. The entire issue matures December 1, 2021.

Revenue Debt

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service.

The revenue bonds listed below will be repaid solely from water/sewer customer net revenues and are payable through 2033. The total principal and interest remaining to be paid on the bonds is \$188,232,169. Principal and interest expense for the current year and total customer net revenues were \$10,596,716 and \$27,692,211, respectively.

Proceeds from the bonds were used for capital purposes related to improving the water/sewer system including: water distribution system improvements, pipeline replacements, water tanks rehabilitation, wastewater pollution control facility expansion, sewer system capacity improvements, and sewer system replacements.

Revenue bonds outstanding at December 31, 2009 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT	REDEMPTIONS	DEBT
				ORIGINALLY ISSUED	TO DATE	OUTSTANDING
97 Water/Sewer Revenue Bonds - capital	03-01-97	07-01-10	5.0-5.2%	6,085,000	6,085,000	-
02 Water/Sewer Revenue Bonds - capital	06-03-02	07-01-12	3.0-4.5%	5,260,000	3,460,000	1,800,000
03 Water/Sewer Revenue Bonds - capital	05-15-03	07-01-27	2.0-5.0%	58,090,000	18,415,000	39,675,000
05 Water/Sewer Revenue Bonds - capital	10-14-05	12-01-30	3.75-5.0%	35,000,000	-	35,000,000
09 Water/Sewer Revenue Bonds - capital	12-01-09	12-01-19	2.0%-5.0%	40,000,000	555,000	39,445,000
TOTAL REVENUE BONDS				\$ 144,435,000	\$ 28,515,000	\$ 115,920,000

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

YEAR ENDING DECEMBER 31,	<u>BUSINESS-TYPE ACTIVITIES</u>		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2010	4,135,000	5,407,281	9,542,281
2011	3,305,000	5,231,000	8,536,000
2012	3,425,000	5,107,625	8,532,625
2013	3,560,000	4,984,212	8,544,212
2014	3,710,000	4,833,112	8,543,112
2015 - 2019	21,360,000	21,312,110	42,672,110
2020 - 2024	27,035,000	15,580,359	42,615,359
2025 - 2029	34,210,000	8,476,981	42,686,981
2030 - 2033	15,180,000	1,379,489	16,559,489
TOTAL	\$ 115,920,000	\$ 72,312,169	\$ 188,232,169

Other Long Term Debt

The City has received government loans and other notes to provide for construction of capital projects. The Snohomish County/Everett Memorial Stadium loan will be paid from the Hotel/Motel Tax Fund 138. The Governmental Activities Public Works Trust Fund loans will be paid from the Real Estate Excise Tax Fund 154. The Business Activities Public Works Trust Fund loans, State Revolving Fund loans, and property purchase loans will be paid from water/sewer revenues.

Other long-term debt outstanding as of December 31, 2009 appears on the following page:

NAME OF ISSUE/PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		
				ORIGINALLY ISSUED	REDEMPTIONS TO DATE	DEBT OUTSTANDING
Governmental Activities						
Snohomish County/Everett Memorial Stadium	06-30-95	06-30-14	0.00%	\$ 1,046,220	\$ 784,665	\$ 261,555
Public Works Trust Fund Loan - 75th Street	09-23-96	07-01-16	2.00%	930,880	526,796	404,084
Public Works Trust Fund Loan - Riverfront	04-28-99	07-01-18	2.00%	1,000,000	512,384	487,616
Public Works Trust Fund Loan - 112th Street	12-22-02	07-01-22	0.50%	1,000,000	283,717	716,283
Everett Riverside Property Purchase Loan	12-30-05	06-01-13	5.45%	7,892,000	7,892,000	-
Total Governmental Activities				11,869,100	9,999,562	1,869,538
Business Activities						
PWTFLL Water Transmission Line #2	07-01-89	07-01-09	1.00%	1,500,000	1,500,000	-
PWTFLL Water Transmission Line	07-01-91	07-01-11	1.00%	2,500,000	2,235,380	264,620
PWTFLL Water Transmission Line	07-01-93	07-01-13	3.00%	3,232,931	2,551,344	681,587
PWTFLL Water Transmission Line	06-06-94	07-01-14	3.00%	3,500,000	2,573,830	926,170
PWTFLL Water Transmission Line	08-02-95	07-01-15	1.00%	510,300	343,397	166,903
PWTFLL Sewer Basement Flooding Reduction	07-01-01	07-01-21	1.00%	1,881,000	693,000	1,188,000
PWTFLL Water Transmission Line	07-01-01	07-01-21	1.00%	4,252,792	1,570,942	2,681,850
Public Works Annex	02-01-01	02-01-11	10.00%	500,000	440,813	59,187
PWTFLL Cross-Town Effluent Pipeline	05-13-03	07-01-23	0.50%	5,490,000	1,433,500	4,056,500
PWTFLL Water Transmission Lines #2-3	11-17-03	11-17-23	0.50%	841,671	212,880	628,791
PWTFLL Water Transmission Lines #2-3	03-16-04	03-16-24	0.00%	100,000	79,500	20,500
PWTFLL Treatment Plant Upgrade	04-25-05	07-01-25	0.50%	9,500,000	1,055,556	8,444,444
PWTFLL Comprehensive Water Plan	10-04-05	07-01-11	0.00%	100,000	59,000	41,000
SRF Clearwell No. 2	03-03-06	10-01-25	1.50%	4,040,000	478,820	3,561,180
SRF Clearwell No. 2	12-21-07	10-01-26	1.50%	4,040,000	425,263	3,614,737
SRF Clearwell No. 2	03-03-08	10-01-27	1.50%	3,030,000	159,474	2,870,526
SRF Clearwell No. 2	08-22-08	10-01-29	1.50%	3,804,707	-	3,804,707
SRF Recovered Water Outfall	08-05-09	10-01-29	1.50%	127,729	36,927	90,802
PWTFLL Water Pollution Facility Expansion	06-25-06	07-01-26	0.50%	7,000,000	736,842	6,263,158
Everett Riverside Property Purchase Loan	12-30-05	06-01-13	5.45%	4,094,836	-	4,094,836
Total Business Activities				60,045,966	16,586,468	43,459,498
TOTAL OTHER LONG-TERM DEBT				\$ 71,915,066	\$ 26,586,030	\$ 45,329,036

Annual debt service requirements to maturity for other long-term debt are as follows:

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2010	219,316	12,498	231,814	4,149,218	598,410	4,747,628
2011	219,316	11,104	230,420	4,058,725	501,015	4,559,740
2012	219,316	9,709	229,025	3,965,371	403,395	4,368,766
2013	219,316	8,315	227,631	3,208,015	315,750	3,523,765
2014	219,316	6,920	226,236	2,556,094	279,056	2,835,150
2015 - 2019	607,661	15,414	623,075	11,743,034	1,033,004	12,776,038
2020 - 2024	165,297	1,652	166,949	10,413,091	464,921	10,878,012
2025 - 2029	-	-	-	3,365,950	79,027	3,444,977
TOTAL	\$ 1,869,538	\$ 65,612	\$ 1,935,150	\$ 43,459,498	\$ 3,674,578	\$ 47,134,076

Refunded Debt

In 2009, the City issued \$40,000,000 in revenue bonds. Of this amount, \$2,130,000 was used to provide resources to execute a current refunding of the outstanding 1997 Water and Sewer Revenue bonds. The principal amount of the refunded bonds was \$2,135,000. As a result, the refunded bonds are now defeased and the liability has been removed from the business-type activities column of the statement of net assets. This current refunding reduced total debt service payments over the next two years by \$39,470 and resulted in an economic gain of \$78,590.

Bond Covenants, Limitations and Restrictions

At December 31, 2009, restricted assets of enterprise funds include \$11,417,312 for bond redemption. The City also purchased a surety policy for the 2002 Water and Sewer Revenue Bonds. These represent redemption funds and reserve requirements as contained in the various bond ordinances.

There are a number of other limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Debt Limit

RCW 39.36.020 provides cities with three segments of debt capacity, each equal to two and one-half percent of the City's assessed valuation, for a total debt capacity of seven and one-half percent (7.5%). Allowable uses of these segments are as follows:

Segment 1 - General Governmental Purposes

The City can incur debt up to one and one-half percent (1.5%) of its assessed valuation solely with a vote of the legislative body (often referred to as "councilmanic" debt). To use the remaining one percent (1.0%), a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election is required.

Segment 2 - City-Owned Water and Sewer Purposes

The City can incur debt up to an additional two and one-half percent (2.5%) for water and sewer purposes with a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election.

Segment 3 - Acquiring and Developing Open Space, Parks Facilities, and Capital Facilities Associated with Economic Development

The City can incur debt up to an additional two and one-half percent (2.5%) for acquiring and developing open space, parks facilities, and capital facilities associated with economic development with a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election.

At December 31, 2009 the debt limits for the City were as follows:

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	<u>Without Vote</u>	<u>With Vote</u>	<u>With Vote</u>	<u>With Vote</u>
	(Councilmanic)			
	1.50%	1.00%	2.50%	2.50%
Legal Limits, Net	\$ 213,926,819	\$ 142,617,880	\$ 356,544,699	\$ 356,544,699
Net Outstanding Indebtedness	29,869,538	-	-	-
Margin Available	\$ 184,057,281	\$ 142,617,880	\$ 356,544,699	\$ 356,544,699

Only general obligation debt is subject to the legal debt limit capacity restrictions. Revenue bonds and Local Improvement District (LID) bonds are not limited because no taxing power or general fund pledge is provided as security.

NOTE 11 - LEASES AND OTHER CONTRACTUAL COMMITMENTS

Lease Receivables

Everett Transit owns transportation hub Everett Station, and leases office and retail space. As of December 31, 2009, the asset cost of Everett Station was \$47,025,304, with accumulated depreciation of \$7,967,762, resulting in a cost net of depreciation of \$39,057,542. Noncancelable leases provide for minimum annual payments as follows:

Year Ending December 31	Minimum Future Rentals
2010	\$ 280,625
2011	36,540
Total	<u>\$ 317,165</u>

Operating Leases and Other Contractual Commitments

The City leases equipment and office and storage space under noncancelable operating leases. Total operating lease expenditures for 2009 were \$503,683 in governmental activities and \$420,904 in business-type activities. The City also contracts for certain professional services such as the management of golf courses and parking facilities and the monitoring and maintenance of equipment such as elevators, heating, ventilation and air conditioning, and fire alarm systems in City buildings. Commitments under lease and professional service contractual agreements provide for minimum annual payments as follows:

Year Ending December 31	Leases	Professional Services
2010	\$ 303,633	\$ 3,989,767
2011	14,344	1,272,810
2012	1,677	333,080
2013	1,677	-
2014	1,258	-
Total	<u>\$ 322,589</u>	<u>\$ 5,595,657</u>

Capital Leases

The City's Water and Sewer Utility Fund has entered into a capital lease to finance the acquisition of a mail machine. The Golf Fund has entered into a capital lease to finance the acquisition of golf carts. The leases were recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases as of December 31, 2009 appear as follows:

	Governmental Fund	Enterprise Funds
Machinery and equipment	\$ 7,977	\$ 497,235
Less accumulated depreciation	-	(276,155)
Machinery and equipment, net of depreciation	<u>\$ 7,977</u>	<u>\$ 221,080</u>

The future minimum lease obligations and the net present value of minimum lease payments as of December 31, 2009 appear as follows:

Year Ending December 31	Governmental Fund	Enterprise Funds
2010	\$ 2,201	\$ 53,757
2011	2,201	14,791
2012	2,201	14,791
2013	2,201	14,792
2014	1,099	-
Total minimum lease payments	9,903	98,131
Less amounts attributable to interest	(2,506)	(12,497)
Net present value of minimum lease payments	<u>\$ 7,397</u>	<u>\$ 85,634</u>

Construction Commitments

As of December 31, 2009, the City had other outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The City's total outstanding contract obligations are summarized as follows:

PROJECT	Expended To Date	Remaining Commitment
City facilities projects	\$ 1,126,356	\$ 187,317
Street projects	3,471,393	1,475,838
Parks projects	182,112	26,796
Transit projects	1,470,308	363,182
Water & sewer utility projects	75,566,730	5,525,356
Total	<u>\$ 81,816,899</u>	<u>\$ 7,578,489</u>

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES**Changes in Long-term Liabilities**

During the year ended December 31, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance 01-01-09	Additions	Reductions	Ending Balance 12-31-09	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 28,000,000	\$ -	\$ -	\$ 28,000,000	\$ 1,600,000
Less deferred amounts:					
For issuance discounts	-	-	-	-	-
For issuance premiums	181,642	-	(9,560)	172,082	9,560
Total bonds payable:	28,181,642	-	(9,560)	28,172,082	1,609,560
Governmental loans	7,231,336	-	(5,361,798)	1,869,538	219,316
Pollution remediation liability	1,599,395	-	(99,395)	1,500,000	1,425,000
Capital Leases	-	7,976	(579)	7,397	1,282
Claims and judgements	9,411,323	13,270,086	(9,978,158)	12,703,251	5,474,705
Compensated absences	8,425,196	4,145,772	(4,171,920)	8,399,048	3,268,103
Governmental activity long-term liabilities:	<u>\$ 54,848,892</u>	<u>\$ 17,423,834</u>	<u>\$ (19,621,410)</u>	<u>\$ 52,651,316</u>	<u>\$ 11,997,966</u>
Business-Type Activities					
Bonds payable:					
Revenue bonds	\$ 82,550,000	\$ 40,000,000	\$ (6,630,000)	\$ 115,920,000	\$ 4,135,000
Less deferred amounts:					
For issuance premiums	4,145,168	1,363,694	(250,668)	5,258,194	273,859
Total bonds payable:	86,695,168	41,363,694	(6,880,668)	121,178,194	4,408,859
Governmental loans	42,107,966	4,222,565	(2,871,033)	43,459,498	4,149,218
Pollution remediation liability	-	300,000	-	300,000	-
Capital leases	203,455	55,468	(173,289)	85,634	48,499
Compensated absences	1,671,605	1,486,892	(1,455,697)	1,702,800	925,826
Business-type activity long-term liabilities:	<u>\$ 130,678,194</u>	<u>\$ 47,428,619</u>	<u>\$ (11,380,687)</u>	<u>\$ 166,726,126</u>	<u>\$ 9,532,402</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to internal service funds are included as part of the above totals for governmental activities. At year-end \$134,836 of internal service funds compensated absences are included in the above amounts. Also, for governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

NOTE 13 – CONTINGENCIES AND LITIGATION

In the normal course of its various operations, the City is involved in lawsuits and is the recipient of claims for damages alleging the City is responsible for damage incurred by third parties. Claims and/or litigation arise in such areas as police civil liability (false arrest), automobile liability, street and sidewalk design and/or maintenance, zoning, building and other land-use regulations, equipment operation, as well as other areas. These claims or lawsuits are a relatively natural consequence of conducting the City's business. The City of Everett self-insures to cover the majority of its liability risk.

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved, but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and self insurance reserves are adequate to pay all known or pending claims.

As of December 31, 2009, the City is also contingently liable for \$27,415,000 of 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District. Please see the Reporting Entity section of Note 1 for more details.

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, would be immaterial.

NOTE 14 - CONDUIT DEBT OBLIGATIONS

The City has authorized the issuance of bonds to enable various public authorities (see Note 1 - Reporting Entity) to acquire and/or construct facilities deemed to be in the public interest. Neither the local government, the public corporation, nor the state government pledges its credit to repayment of the bonds. The funds for repayment of the bonds come from private lenders and must be repaid by the company for which the facilities are financed and built. As of December 31, 2009 the Industrial Development Corporation had the following bond issues outstanding:

NAME OF ISSUE	DATE OF			AMOUNT		
	DATE OF ISSUE	FINAL MATURITY	INTEREST RATE(S)	ORIGINALLY ISSUED	REDEMPTIONS TO DATE	UNMATURED DEBT
Kimberly Clark Project	06-01-02	06-01-37	Variable	19,200,000	-	19,200,000
TOTAL CONDUIT DEBT				\$ 19,200,000	\$ -	\$ 19,200,000

NOTE 15 - INTERFUND BALANCES AND TRANSFERS

Loans between funds are classified as either interfund loans receivable and payable or advances to and from other funds, depending on the time period for which the loan was made. The City uses interfund loans primarily to meet short-term cash flow requirements while waiting for grant reimbursements.

Advances to and from other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements. There is currently one outstanding advance between the General Fund and Golf. It was established to internally finance Golf general obligation bonds that were called in 2007 and 2008 and to finance operating deficits that occurred in 2008 and early 2009. All long-term advances have planned repayment schedules.

Interfund loan balances at December 31, 2009 appear as follows:

	INTERFUND LOANS RECEIVABLE	INTERFUND LOANS PAYABLE	ADVANCES TO OTHER FUNDS	ADVANCES FROM OTHER FUNDS
General Fund	\$ 229,300	\$ -	\$ 7,909,168	\$ -
Water & Sewer Utility	8,505,923	-	-	-
Nonmajor Governmental Funds	310,000	539,300	-	-
Nonmajor Enterprise Funds	-	8,505,923	-	7,909,168
TOTAL	\$ 9,045,223	\$ 9,045,223	\$ 7,909,168	\$ 7,909,168

Due to other funds and due from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the same government.

Due to other fund and due from other fund balances at December 31, 2009 appear as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 35,537	\$ 30,728
Capital Improvement Reserve	-	-
Water & Sewer Utility	1,557	29,012
Transit	-	2,509
Nonmajor Governmental Funds	32,953	5,220
Nonmajor Enterprise Funds	-	-
Internal service funds	-	2,578
TOTAL	\$ 70,047	\$ 70,047

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services in return. The City uses transfers to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfer activity for the year ending December 31, 2009 appears as follows:

	TRANSFERS IN		
	General Fund	Nonmajor Governmental Funds	TOTAL
TRANSFERS OUT			
General Fund	\$ -	\$ 4,394,236	\$ 4,394,236
Capital Improvement Reserve Fd	4,804	7,561,661	7,566,465
Water & Sewer Utility	3,518,004	572,898	4,090,902
Transit	170,976	168,912	339,888
Nonmajor Governmental Funds	1,335,056	3,844,316	5,179,372
Internal Service Funds	-	5,004	5,004
TOTAL	\$ 5,028,840	\$ 16,547,027	\$ 21,575,867

A transfer is considered significant if it is for a transaction that does not occur on a routine basis or is inconsistent with the activities of the fund making the transfer. In 2009, three capital assets were transferred from governmental funds to business-type funds. At the fund level, these transactions are accounted for as sales and purchases of assets because governmental funds do not account for capital assets within their funds. However, at the government wide level, these transactions are accounted for as transfers. The three transactions resulted in a net transfer between governmental and business-type funds of \$1,771,385. This amount is included in the transfer amount presented in the Statement of Activities.

NOTE 16 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2009 appear as follows:

	Taxes	Customer Accounts	Interest	Due from Other Governments	Notes Receivable	TOTAL
Governmental Activities:						
General Fund	\$ 9,059,184	\$ 2,452,666	\$ 72,347	\$ 131,280	\$ 13,999	\$ 11,729,476
Capital Improvement Reserve Fund	58,616	35,373	85,840	48,371	-	228,200
Nonmajor Governmental Funds	58,616	177,605	189,625	1,617,199	12,205,207	14,248,252
Internal Service Funds	-	10,663	48,693	15,464	-	74,820
Total Governmental Activities	\$ 9,176,416	\$ 2,676,307	\$ 396,505	\$ 1,812,314	\$ 12,219,206	\$ 26,280,748
Business-Type Activities:						
Water & Sewer Utility	\$ -	\$ 5,081,727	\$ 171,150	\$ 823,411	\$ -	\$ 6,076,288
Transit	2,729,051	17,011	23,534	1,688,282	-	4,457,878
Nonmajor Enterprise Funds	-	205,853	9,820	187,696	-	403,369
Total Business-Type Activities	\$ 2,729,051	\$ 5,304,591	\$ 204,504	\$ 2,699,389	\$ -	\$ 10,937,535

Payables at December 31, 2009 appear as follows:

	Wages & Benefits	Accounts	Interest	Taxes	Due to Other Governments	Custodial Accounts	Other Current Liabilities	TOTAL
Governmental Activities:								
General Fund	\$ 2,032,996	\$ 859,090	\$ 71,675	\$ -	\$ 57,351	\$ 255,428	\$ 37,912	\$ 3,314,452
Capital Improvement Reserve Fund	-	-	-	-	-	-	2,999	2,999
Nonmajor Governmental Funds	557,894	1,524,397	-	-	173	2,150	135,053	2,219,667
Internal Service Funds	86,211	412,839	-	880	-	-	116,957	616,887
Total	\$ 2,677,101	\$ 2,796,326	\$ 71,675	\$ 880	\$ 57,524	\$ 257,578	\$ 292,921	\$ 6,154,005
Business-Type Activities:								
Water & Sewer Utility	\$ 585,163	\$ 2,886,833	\$ 1,304,301	\$ 85,487	\$ -	\$ -	\$ -	\$ 4,861,784
Transit	383,610	961,242	-	1,737	57,432	-	-	1,404,021
Nonmajor Enterprise Funds	21,989	277,464	-	9,513	-	-	-	308,966
Total	\$ 990,762	\$ 4,125,539	\$ 1,304,301	\$ 96,737	\$ 57,432	\$ -	\$ -	\$ 6,574,771

The wages and benefits total excludes the following short term vacation and sick leave accruals which are included with non-current liabilities at the entity wide level:

Governmental Activities	
Internal Service Fund	\$ 81,965
Business-Type Activities	
Water and Sewer	\$ 617,008
Transit	282,052
Nonmajor Enterprise	26,766

NOTE 17 – JOINT VENTURES

Joint Ventures - The City, in conjunction with other governmental entities, participates in three joint ventures. Using the same criteria applied to the other organizations to determine the reporting entity, these joint ventures have not been included in the City's annual financial statements.

The **Snohomish River Regional Water Authority** (SRRWA) was created for the planning, development, ownership, management and financing of water supply sources and transmission, and other water supply facilities, either by itself or in cooperation with other municipal providers of utilities. The primary purpose is to facilitate efficient water resource development and utilization through interlocal cooperation. The SRRWA board is comprised of one

representative of each of three members, who is an elected public official designated in writing, authorized to represent the member in meetings of the membership and Board of Directors. The City has a 41.67 percent interest in the joint venture at December 31, 2009 and recorded an investment in the joint venture in the utility fund of \$1,171,152. As of December 31, 2009, the SRRWA had accumulated sufficient resources and was not experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from the City of Everett, Utilities Finance Manager, 3200 Cedar Street, Everett, WA 98201.

The **Snohomish County Emergency Radio System (SERS)**, a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501(c)(3), was established via an interlocal agreement in 1999. Member entities include Snohomish County, Fire District 1, and the Cities of Brier, Edmonds, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Everett. The purpose of SERS is to develop, operate and maintain a countywide public safety communications system. The governing board consists of ten directors, one appointed by each City and County member, with the authority to take all actions on behalf of SERS. A cost allocation model is used to determine each Member's share of financial obligations and voting weight from time to time. The cost allocation model is reviewed and recalculated annually to reflect population, geographic service area and calls for service from January 1 through December 31 of each year. As of December 31, 2009, the City has a 14.49 percent interest in the SERS joint venture and a recorded equity interest of \$2,506,985. Based on summary financial information provided to the City by Snohomish County, it does not appear that SERS is experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

One Regional Card for All (ORCA) was established by interlocal agreement for the operating phase of the Regional Fare Integration Project also known as the Smart Card Project. This ten-year agreement among City of Everett (Everett Transit), Snohomish County Transit Authority (Community Transit), Sound Transit, King County Metro, Pierce Transit, Kitsap Transit and Washington State Ferries commenced April 1, 2009. Pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, the participating agencies jointly exercise their powers to better coordinate their respective services and fare payment systems in order to improve the availability, reliability and convenience of public transportation services within their service areas and throughout the region served by the agencies. Everett Transit's undivided interest in the assets, liabilities and operations of the ORCA smart card are consolidated within these financial statements on a proportionate basis. Everett Transit's interest in the central cash accounts as of December 31, 2009, is \$33,308 which represents deferred fare revenue. Everett Transit's percentage share of the operating expense for 2009 was 1.6%.

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS

The City recorded the following pollution remediation obligations as other liabilities in its financial statements as of December 31, 2009, in accordance with GASB Statement No. 49:

SITE	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
2731 36th Street Southeast	\$ 1,500,000	
144 West Marine View Drive		\$ 300,000

During 2008, the City identified a release of contaminants at 2731 36th Street Southeast, Everett, Washington, and reported the release to the Washington Department of Ecology (DOE). The City voluntarily elected to remediate the site, entered into a Voluntary Cleanup Program (VCP) agreement with the DOE to provide informal site-specific technical consultations, and engaged an independent engineering firm to conduct a remedial investigation and feasibility study. During 2009, the City entered into a VCP agreement with the DOE to remediate the site. As of December 31, 2009, the City estimated the liability with regard to pollution remediation at this site to be \$1,500,000.

The site located at 144 West Marine View Drive, Everett, Washington had previously been identified as contaminated by releases from the neighboring former ASARCO plant. The City voluntarily remediated the site in 1998 in conjunction with a VCP agreement with the DOE. The City had expected to receive a notice of no further action from the DOE upon completion of the DOE's Final Cleanup Action Plan for ASARCO. The City's original VCP agreement

expired, a new VCP agreement was reinstated in 2008, and the DOE requested the City to send the DOE an analysis of current soil samples at the site. The City engaged an independent engineering firm to analyze soil samples at the site and submit its findings to the DOE, this work was performed during 2009, and the City submitted several alternative remediation proposals to the DOE for consideration. As of December 31, 2009, the City estimated liability with regard to pollution remediation at this site to be \$300,000.

The estimated liability for each of these sites was prepared using the Expected Cash Flow Technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This is an estimate only, and potential for change exists resulting from price fluctuations, technology changes or changes in applicable laws or regulations. The estimates and underlying assumptions will be re-evaluated on an annual basis.

NOTE 19 - OTHER DISCLOSURES

PRIOR PERIOD ADJUSTMENT

An adjustment in the amount of \$216,500 was recorded in the Utilities' Fund 401 due to an overbilling in 2008. This amount is reported as a prior period adjustment in the government-wide and proprietary fund statements.

SPECIAL ITEMS

In 2009, the City's governmental funds sold approximately 74 acres of land to the Utilities Fund for \$13,692,128. The land is the potential future site of utilities' operating and administrative offices. Because governmental funds do not account for capital assets within their funds, the entire sales amount is presented as a special item in the governmental funds. In the proprietary funds, the net appreciation of \$1,738,006 (sales price less historical cost of the asset) is presented as a special item. The proprietary fund will carry the land at its historical cost. No special item is reported at the government-wide level because capital asset sales within the government are reclassified to transfers at the government-wide level.

SUBSEQUENT EVENTS

On March 3, 2010, the City passed Ordinance No. 3173-10 authorizing the issuance of limited tax general obligation bonds in the principal amount of \$10,500,000 for the purpose of paying for certain environmental remediation costs as part of the Riverfront Project. The bond sale closed on March 26, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION FUNDS

Schedules of Employer Contributions

Year	FIRE PENSION FUND		POLICE PENSION FUND	
	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2009	\$ 280,290	72%	\$ 250,529	26%
2008	271,537	55%	191,283	0%
2007	258,607	128%	182,175	100%
2006	418,743	212%	270,501	246%
2005	3,366,730	128%	3,377,811	117%
2004	3,299,313	136%	2,172,324	137%

Schedules of Funding Progress

As discussed in Note 7, the actuarial cost method used in the valuation of the pension plans is the Aggregate Cost Method. Because this method does not generate an unfunded actuarially liability or separately amortize unfunded liabilities, the schedule of funding progress presented below was prepared using the entry age actuarial cost method to provide this information. It is intended to serve as a surrogate for the funding progress of the plan. Prior valuation information is not available. Eventually details for each of three valuation periods will be presented.

FIRE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2008	\$ 5,201,152	\$ 11,452,114	\$ 6,250,962	45.42%	\$ 1,019,299	613.26%

POLICE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2008	\$ 1,632,694	\$ 7,011,494	\$ 5,378,800	23.29%	\$ 880,684	610.75%

OTHER POST EMPLOYMENT BENEFIT FUNDS**Schedules of Employer Contributions**

FIRE HEALTHCARE FUND			POLICE HEALTHCARE FUND		
<u>Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	
2009	\$ 841,834	39%	\$ 820,092	44%	
2008	1,143,963	3%	1,083,316	3%	
2007	1,089,488	313%	1,031,729	352%	
2006	3,116,324	103%	3,276,201	116%	

Schedules of Funding Progress

The actuarial cost method used in the valuation of the OPEB plans is also the Aggregate Cost Method. OPEB plans that use the aggregate cost method are required by GASB Statement 43 to use the entry age cost method to approximate the funding progress for the plan. Eventually, details for each of three valuation periods will be presented.

FIRE HEALTHCARE FUND						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b - a) / c)</u>
12/31/2008	\$ 29,448,563	\$ 48,249,620	\$ 18,801,057	61.03%	\$ 1,019,299	1844.51%
1/1/2007	24,253,911	46,803,448	22,549,537	51.82%	1,148,714	1963.02%

POLICE HEALTHCARE FUND						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b - a) / c)</u>
12/31/2008	\$ 18,757,612	\$ 36,364,832	\$ 17,607,220	51.58%	\$ 880,684	1999.27%
1/1/2007	13,536,550	35,149,702	21,613,152	38.51%	984,087	2196.26%



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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,056,813	\$ 26,106	\$ 437,136	\$ 9,520,055
Change and imprest funds	2,100	-	-	2,100
Investments	51,425,220	145,830	2,494,502	54,065,552
Receivables, net				
Taxes	58,616	-	-	58,616
Customer accounts	177,605	-	-	177,605
Interest	178,625	10,636	364	189,625
Due from other funds	32,953	-	-	32,953
Interfund loans receivable	310,000	-	-	310,000
Due from other governmental units	545,235	-	1,071,964	1,617,199
Total Current Assets	61,787,167	182,572	4,003,966	65,973,705
RESTRICTED ASSETS				
Special assessments - deferred	-	228,326	-	228,326
Total Restricted Assets	-	228,326	-	228,326
NONCURRENT ASSETS				
Notes/contracts receivable	12,205,207	-	-	12,205,207
Total Noncurrent Assets	12,205,207	-	-	12,205,207
TOTAL ASSETS	\$ 73,992,374	\$ 410,898	\$ 4,003,966	\$ 78,407,238
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ 545,516	\$ -	\$ 12,378	\$ 557,894
Accounts payable	855,540	-	668,857	1,524,397
Due to other funds	3,664	-	1,557	5,221
Interfund loans payable	220,000	-	319,300	539,300
Due to other governmental units	173	-	-	173
Custodial accounts	2,150	-	-	2,150
Deferred revenues	563,508	-	-	563,508
Other current liabilities	135,053	-	-	135,053
Total Current Liabilities	2,325,604	-	1,002,092	3,327,696
NONCURRENT LIABILITIES				
Deferred revenues	-	228,326	-	228,326
Total Noncurrent Liabilities	-	228,326	-	228,326
TOTAL LIABILITIES	2,325,604	228,326	1,002,092	3,556,022
FUND BALANCES				
Reserved for:				
Loans receivable	12,205,207	-	-	12,205,207
Unreserved, reported in:				
Special revenue funds	59,461,563	-	-	59,461,563
Debt service funds	-	182,572	-	182,572
Capital projects funds	-	-	3,001,874	3,001,874
TOTAL FUND BALANCES	71,666,770	182,572	3,001,874	74,851,216
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,992,374	\$ 410,898	\$ 4,003,966	\$ 78,407,238

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 21,579,298	\$ -	\$ -	\$ 21,579,298
Licenses and permits	293,535	-	-	293,535
Intergovernmental revenues	7,134,304	-	4,941,874	12,076,178
Charges for services	4,735,715	-	-	4,735,715
Fines and forfeits	523,961	-	-	523,961
Other revenues	3,075,926	252,958	84,184	3,413,068
Total revenues	37,342,739	252,958	5,026,058	42,621,755
EXPENDITURES				
Current:				
General government services	1,427,783	-	-	1,427,783
Security of persons and property	9,119,470	-	-	9,119,470
Physical environment	188,078	-	-	188,078
Transportation	2,331,321	-	-	2,331,321
Economic environment	1,181,820	-	9,911	1,191,731
Culture and recreation	13,795,507	-	-	13,795,507
Capital outlay	6,297,519	-	11,713,632	18,011,151
Debt service:				
Principal	219,316	-	-	219,316
Interest	16,035	836,420	20,017	872,472
Total expenditures	34,576,849	836,420	11,743,560	47,156,829
Excess (deficiency) of revenues over (under) expenditures	2,765,890	(583,462)	(6,717,502)	(4,535,074)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	1,591,533	-	-	1,591,533
Transfers in	5,537,703	1,225,666	9,783,658	16,547,027
Transfers out	(4,104,409)	(974,000)	(100,964)	(5,179,373)
Total other financing sources (uses)	3,024,827	251,666	9,682,694	12,959,187
SPECIAL ITEM				
Proceeds from sale of land	3,447,476	-	-	3,447,476
Net change in fund balances	9,238,193	(331,796)	2,965,192	11,871,589
Fund balances - beginning	62,428,577	514,368	36,682	62,979,627
FUND BALANCES - ENDING	\$ 71,666,770	\$ 182,572	\$ 3,001,874	\$ 74,851,216

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2009
(Page 1 of 7)**

	101 PARKS & RECREATION FUND	110 LIBRARY FUND	112 MUNICIPAL ARTS FUND	114 CONFERENCE CENTER FUND
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 714,638	\$ 334,050	\$ 98,001	\$ 16,201
Change and imprest funds	2,100	-	-	-
Investments	4,057,911	1,896,831	556,475	91,996
Receivables, net				
Taxes	-	-	-	-
Customer accounts	11,360	-	-	12,232
Interest	7,494	3,018	-	-
Due from other funds	-	-	-	-
Interfund loans receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Total Current Assets	4,793,503	2,233,899	654,476	120,429
NONCURRENT ASSETS				
Notes/contracts receivable	-	-	-	-
Total Noncurrent Assets	-	-	-	-
TOTAL ASSETS	\$ 4,793,503	\$ 2,233,899	\$ 654,476	\$ 120,429
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ 170,309	\$ 120,057	\$ 4,605	\$ -
Accounts payable	177,363	57,736	8,224	-
Due to other funds	320	60	-	-
Interfund loans payable	-	-	-	-
Due to other governmental units	-	-	-	-
Custodial accounts	2,150	-	-	-
Deferred revenues	67,111	-	-	-
Other current liabilities	111,110	1,114	-	3,828
Total Current Liabilities	528,363	178,967	12,829	3,828
TOTAL LIABILITIES	528,363	178,967	12,829	3,828
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
Special revenue funds	4,265,140	2,054,932	641,647	116,601
TOTAL FUND BALANCES	4,265,140	2,054,932	641,647	116,601
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,793,503	\$ 2,233,899	\$ 654,476	\$ 120,429

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
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	115 GENERAL GOVT. SPECIAL PROJ. FUND	119 STREET IMPROVEMENT FUND	120 STREETS FUND	126 MOTOR VEHICLE EQUIP REPL. FUND
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 98,510	\$ 190,404	\$ 350,572	\$ 820,376
Change and imprest funds	-	-	-	-
Investments	559,645	1,081,168	1,990,643	4,658,323
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	-	3,088	-
Interest	-	2,590	17,634	9,857
Due from other funds	-	-	-	-
Interfund loans receivable	-	-	-	-
Due from other governmental units	-	321	-	-
Total Current Assets	658,155	1,274,483	2,361,937	5,488,556
NONCURRENT ASSETS				
Notes/contracts receivable	-	-	-	-
Total Noncurrent Assets	-	-	-	-
TOTAL ASSETS	\$ 658,155	\$ 1,274,483	\$ 2,361,937	\$ 5,488,556
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ -	\$ 1,851	\$ 47,446	\$ -
Accounts payable	7	171,691	14,113	-
Due to other funds	-	-	-	-
Interfund loans payable	-	-	-	-
Due to other governmental units	-	-	-	-
Custodial accounts	-	-	-	-
Deferred revenues	-	-	-	-
Other current liabilities	-	-	-	-
Total Current Liabilities	7	173,542	61,559	-
TOTAL LIABILITIES	7	173,542	61,559	-
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
Special revenue funds	658,148	1,100,941	2,300,378	5,488,556
TOTAL FUND BALANCES	658,148	1,100,941	2,300,378	5,488,556
TOTAL LIABILITIES AND FUND BALANCES	\$ 658,155	\$ 1,274,483	\$ 2,361,937	\$ 5,488,556

**COMBINING BALANCE SHEET
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	138 HOTEL/MOTEL TAX FUND	144 DOWNTOWN IMPROVEMENT FUND	145 CUM. RESERVE REAL PROP. ACQ. FUND	146 PROPERTY MANAGEMENT FUND
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 56,192	\$ 39,851	\$ 929,076	\$ 793,074
Change and imprest funds	-	-	-	-
Investments	319,074	226,285	5,275,549	4,503,292
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	40,605	35,712	23,269
Interest	-	-	7,728	40,041
Due from other funds	-	-	-	22,953
Interfund loans receivable	-	-	-	-
Due from other governmental units	-	-	-	71,068
Total Current Assets	375,266	306,741	6,248,065	5,453,697
NONCURRENT ASSETS				
Notes/contracts receivable	-	-	-	-
Total Noncurrent Assets	-	-	-	-
TOTAL ASSETS	\$ 375,266	\$ 306,741	\$ 6,248,065	\$ 5,453,697
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	25,983	105,524	8,737	54,188
Due to other funds	-	-	-	2,225
Interfund loans payable	-	-	-	-
Due to other governmental units	-	-	-	-
Custodial accounts	-	-	-	-
Deferred revenues	-	-	-	-
Other current liabilities	-	-	3,949	11,204
Total Current Liabilities	25,983	105,524	12,686	67,617
TOTAL LIABILITIES	25,983	105,524	12,686	67,617
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
Special revenue funds	349,283	201,217	6,235,379	5,386,080
TOTAL FUND BALANCES	349,283	201,217	6,235,379	5,386,080
TOTAL LIABILITIES AND FUND BALANCES	\$ 375,266	\$ 306,741	\$ 6,248,065	\$ 5,453,697

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
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	148 CUM. RESERVE PARKS FUND	149 SENIOR CENTER RESERVE FUND	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 324,659	\$ 55,717	\$ 53,993	\$ 73,753
Change and imprest funds	-	-	-	-
Investments	1,843,504	316,378	306,587	418,789
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	-	-	-
Interest	3,724	-	-	-
Due from other funds	-	-	-	-
Interfund loans receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Total Current Assets	2,171,887	372,095	360,580	492,542
NONCURRENT ASSETS				
Notes/contracts receivable	-	-	-	-
Total Noncurrent Assets	-	-	-	-
TOTAL ASSETS	\$ 2,171,887	\$ 372,095	\$ 360,580	\$ 492,542
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	672	(22)	149
Due to other funds	-	45	75	-
Interfund loans payable	-	-	-	-
Due to other governmental units	-	-	-	-
Custodial accounts	-	-	-	-
Deferred revenues	-	-	-	-
Other current liabilities	-	3,848	-	-
Total Current Liabilities	-	4,565	53	149
TOTAL LIABILITIES	-	4,565	53	149
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
Special revenue funds	2,171,887	367,530	360,527	492,393
TOTAL FUND BALANCES	2,171,887	367,530	360,527	492,393
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,171,887	\$ 372,095	\$ 360,580	\$ 492,542

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
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	153 EMERGENCY MEDICAL SERVICES FUND	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 93,798	\$ 932,940	\$ 1,494,447
Change and imprest funds	-	-	-
Investments	532,614	5,295,368	8,485,883
Receivables, net			
Taxes	-	58,616	-
Customer accounts	-	-	51,339
Interest	145	22,584	23,738
Due from other funds	-	-	10,000
Interfund loans receivable	-	-	-
Due from other governmental units	-	-	25,257
Total Current Assets	626,557	6,309,508	10,090,664
NONCURRENT ASSETS			
Notes/contracts receivable	-	-	-
Total Noncurrent Assets	-	-	-
TOTAL ASSETS	\$ 626,557	\$ 6,309,508	\$ 10,090,664
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Wages payable	\$ 183,872	\$ -	\$ -
Accounts payable	16,323	-	25,497
Due to other funds	849	-	-
Interfund loans payable	-	-	-
Due to other governmental units	-	-	-
Custodial accounts	-	-	-
Deferred revenues	-	-	496,397
Other current liabilities	-	-	-
Total Current Liabilities	201,044	-	521,894
TOTAL LIABILITIES	201,044	-	521,894
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved, reported in:			
Special revenue funds	425,513	6,309,508	9,568,770
TOTAL FUND BALANCES	425,513	6,309,508	9,568,770
TOTAL LIABILITIES AND FUND BALANCES	\$ 626,557	\$ 6,309,508	\$ 10,090,664

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
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	157 TRAFFIC MITIGATION FUND	158 BOEING MITIGATION FUND	160 CONTINGENCY RESERVE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 683,968	\$ -	\$ 613,953
Change and imprest funds	-	-	-
Investments	3,883,759	-	3,486,195
Receivables, net			
Taxes	-	-	-
Customer accounts	-	-	-
Interest	37,110	-	-
Due from other funds	-	-	-
Interfund loans receivable	310,000	-	-
Due from other governmental units	-	-	-
Total Current Assets	4,914,837	-	4,100,148
NONCURRENT ASSETS			
Notes/contracts receivable	-	-	-
Total Noncurrent Assets	-	-	-
TOTAL ASSETS	\$ 4,914,837	\$ -	\$ 4,100,148
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Wages payable	\$ 296	\$ -	\$ -
Accounts payable	73,730	-	-
Due to other funds	-	-	-
Interfund loans payable	-	-	-
Due to other governmental units	-	-	-
Custodial accounts	-	-	-
Deferred revenues	-	-	-
Other current liabilities	-	-	-
Total Current Liabilities	74,026	-	-
TOTAL LIABILITIES	74,026	-	-
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved, reported in:			
Special revenue funds	4,840,811	-	4,100,148
TOTAL FUND BALANCES	4,840,811	-	4,100,148
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,914,837	\$ -	\$ 4,100,148

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2009
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	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 278,219	\$ 10,421	\$ 9,056,813
Change and imprest funds	-	-	2,100
Investments	1,579,802	59,149	51,425,220
Receivables, net			
Taxes	-	-	58,616
Customer accounts	-	-	177,605
Interest	2,962	-	178,625
Due from other funds	-	-	32,953
Interfund loans receivable	-	-	310,000
Due from other governmental units	182,516	266,073	545,235
Total Current Assets	2,043,499	335,643	61,787,167
NONCURRENT ASSETS			
Notes/contracts receivable	11,643,477	561,730	12,205,207
Total Noncurrent Assets	11,643,477	561,730	12,205,207
TOTAL ASSETS	\$ 13,686,976	\$ 897,373	\$ 73,992,374
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Wages payable	\$ 10,692	\$ 6,388	\$ 545,516
Accounts payable	15,286	100,339	855,540
Due to other funds	-	90	3,664
Interfund loans payable	-	220,000	220,000
Due to other governmental units	173	-	173
Custodial accounts	-	-	2,150
Deferred revenues	-	-	563,508
Other current liabilities	-	-	135,053
Total Current Liabilities	26,151	326,817	2,325,604
TOTAL LIABILITIES	26,151	326,817	2,325,604
FUND BALANCES			
Reserved for:			
Loans receivable	11,643,477	561,730	12,205,207
Unreserved, reported in:			
Special revenue funds	2,017,348	8,826	59,461,563
TOTAL FUND BALANCES	13,660,825	570,556	71,666,770
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,686,976	\$ 897,373	\$ 73,992,374

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
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	101 PARKS & RECREATION FUND	110 LIBRARY FUND	112 COMMUNITY THEATER FUND	114 CONFERENCE CENTER
REVENUES				
Taxes	\$ 7,464,328	\$ 4,569,522	\$ 650,304	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	12,132	-	77,000	-
Charges for services	1,264,097	23,794	-	-
Fines and forfeits	-	83,981	-	-
Other revenues	361,311	67,689	167,324	120,619
Total revenues	9,101,868	4,744,986	894,628	120,619
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	8,388,012	3,909,658	845,234	14,400
Capital outlay	119,496	704,999	8,319	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,507,508	4,614,657	853,553	14,400
Excess (deficiency) of revenues over (under) expenditures	594,360	130,329	41,075	106,219
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	-	-
Transfers in	-	-	22,000	637,179
Transfers out	(62,659)	-	-	(722,000)
Total other financing sources (uses)	(62,659)	-	22,000	(84,821)
SPECIAL ITEM				
Proceeds from sale of land	-	-	-	-
Net change in fund balances	531,701	130,329	63,075	21,398
Fund balances - beginning	3,733,439	1,924,603	578,572	95,203
FUND BALANCES - ENDING	\$ 4,265,140	\$ 2,054,932	\$ 641,647	\$ 116,601

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
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	115 GENERAL GOVT. SPECIAL PROJ. FUND	119 STREET IMPROVEMENT FUND	120 STREETS FUND	126 MOTOR VEHICLE EQUIPMENT REPL. FUND
REVENUES				
Taxes	\$ 572,200	\$ 1,174,588	\$ 585,784	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	728,058	1,517,488	-
Charges for services	-	1,494	27,815	-
Fines and forfeits	-	-	-	-
Other revenues	13,639	44,648	59,130	74,874
Total revenues	585,839	1,948,788	2,190,217	74,874
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	111,993	-	-	-
Transportation	-	52,249	2,065,477	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	2,531,372	-	1,221,819
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	111,993	2,583,621	2,065,477	1,221,819
Excess (deficiency) of revenues over (under) expenditures	473,846	(634,833)	124,740	(1,146,945)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	-	64,094
Transfers in	-	353,931	-	3,022,829
Transfers out	-	(397,063)	-	(12,500)
Total other financing sources (uses)	-	(43,132)	-	3,074,423
SPECIAL ITEM				
Proceeds from sale of land	-	-	-	-
Net change in fund balances	473,846	(677,965)	124,740	1,927,478
Fund balances - beginning	184,302	1,778,906	2,175,638	3,561,078
FUND BALANCES - ENDING	\$ 658,148	\$ 1,100,941	\$ 2,300,378	\$ 5,488,556

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
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	138 HOTEL/MOTEL TAX FUND	144 DOWNTOWN IMPROVEMENT FUND	145 CUM. RESERVE REAL PROP. ACQ. FUND	146 PROPERTY MANAGEMENT FUND
REVENUES				
Taxes	\$ 273,102	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	427,402	-	-
Other revenues	7,687	5,733	62,601	727,499
Total revenues	280,789	433,135	62,601	727,499
EXPENDITURES				
Current:				
General government services	-	-	75,377	894,436
Security of persons and property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	308,095	-	-	-
Capital outlay	-	231,918	871,888	399,375
Debt service:				
Principal	52,311	-	-	-
Interest	-	-	-	-
Total expenditures	360,406	231,918	947,265	1,293,811
Excess (deficiency) of revenues over (under) expenditures	(79,617)	201,217	(884,664)	(566,312)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	1,527,439	-
Transfers in	-	-	-	1,376,411
Transfers out	(22,000)	-	-	-
Total other financing sources (uses)	(22,000)	-	1,527,439	1,376,411
SPECIAL ITEM				
Proceeds from sale of land	-	-	3,447,476	-
Net change in fund balances	(101,617)	201,217	4,090,251	810,099
Fund balances - beginning	450,900	-	2,145,128	4,575,981
FUND BALANCES - ENDING	\$ 349,283	\$ 201,217	\$ 6,235,379	\$ 5,386,080

COMBINING STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
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	148 CUM. RESERVE PARKS FUND	149 SENIOR CENTER RESERVE FUND	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	293,535	-	-	-
Intergovernmental revenues	-	-	-	1,963
Charges for services	-	78,123	-	3,230
Fines and forfeits	-	-	-	-
Other revenues	45,254	123,579	180,696	53,195
Total revenues	338,789	201,702	180,696	58,388
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	76,085	-
Transportation	-	-	-	-
Economic environment	3,232	75,525	-	-
Culture and recreation	222,482	-	-	36,860
Capital outlay	-	-	5,544	10,901
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	225,714	75,525	81,629	47,761
Excess (deficiency) of revenues over (under) expenditures	113,075	126,177	99,067	10,627
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	-	-
Transfers in	62,659	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	62,659	-	-	-
SPECIAL ITEM				
Proceeds from sale of land	-	-	-	-
Net change in fund balances	175,734	126,177	99,067	10,627
Fund balances - beginning	1,996,153	241,353	261,460	481,766
FUND BALANCES - ENDING	\$ 2,171,887	\$ 367,530	\$ 360,527	\$ 492,393

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
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	153 EMERGENCY MEDICAL SERVICES FUND	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND
REVENUES			
Taxes	\$ 4,351,065	\$ 613,887	\$ 1,324,518
Licenses and permits	-	-	-
Intergovernmental revenues	161,261	-	1,187,600
Charges for services	1,724,745	-	498,312
Fines and forfeits	-	-	12,578
Other revenues	(3,189)	134,303	525,239
Total revenues	6,233,882	748,190	3,548,247
EXPENDITURES			
Current:			
General government services	-	-	457,970
Security of persons and property	7,469,340	-	1,650,130
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	70,766	-
Capital outlay	-	-	89,010
Debt service:			
Principal	-	167,005	-
Interest	2,142	13,893	-
Total expenditures	7,471,482	251,664	2,197,110
Excess (deficiency) of revenues over (under) expenditures	(1,237,600)	496,526	1,351,137
OTHER FINANCING SOURCES (USES)			
Disposition of capital assets	-	-	-
Transfers in	12,500	50,194	-
Transfers out	-	(1,399,931)	(735,056)
Total other financing sources (uses)	12,500	(1,349,737)	(735,056)
SPECIAL ITEM			
Proceeds from sale of land	-	-	-
Net change in fund balances	(1,225,100)	(853,211)	616,081
Fund balances - beginning	1,650,613	7,162,719	8,952,689
FUND BALANCES - ENDING	\$ 425,513	\$ 6,309,508	\$ 9,568,770

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
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	157 TRAFFIC MITIGATION FUND	158 BOEING MITIGATION FUND	160 CONTINGENCY RESERVE FUND
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	1,114,105	-	-
Fines and forfeits	-	-	-
Other revenues	139,031	1,131	(60,061)
Total revenues	1,253,136	1,131	(60,061)
EXPENDITURES			
Current:			
General government services	-	-	-
Security of persons and property	-	-	-
Physical environment	-	-	-
Transportation	-	213,595	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	102,878	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	102,878	213,595	-
Excess (deficiency) of revenues over (under) expenditures	1,150,258	(212,464)	(60,061)
OTHER FINANCING SOURCES (USES)			
Disposition of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(503,200)	(250,000)	-
Total other financing sources (uses)	(503,200)	(250,000)	-
SPECIAL ITEM			
Proceeds from sale of land	-	-	-
Net change in fund balances	647,058	(462,464)	(60,061)
Fund balances - beginning	4,193,753	462,464	4,160,209
FUND BALANCES - ENDING	\$ 4,840,811	\$ -	\$ 4,100,148

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
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	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES			
Taxes	\$ -	\$ -	\$ 21,579,298
Licenses and permits	-	-	293,535
Intergovernmental revenues	2,796,983	651,819	7,134,304
Charges for services	-	-	4,735,715
Fines and forfeits	-	-	523,961
Other revenues	132,173	91,821	3,075,926
Total revenues	2,929,156	743,640	37,342,739
EXPENDITURES			
Current:			
General government services	-	-	1,427,783
Security of persons and property	-	-	9,119,470
Physical environment	-	-	188,078
Transportation	-	-	2,331,321
Economic environment	440,461	662,602	1,181,820
Culture and recreation	-	-	13,795,507
Capital outlay	-	-	6,297,519
Debt service:			
Principal	-	-	219,316
Interest	-	-	16,035
Total expenditures	440,461	662,602	34,576,849
Excess (deficiency) of revenues over (under) expenditures	2,488,695	81,038	2,765,890
OTHER FINANCING SOURCES (USES)			
Disposition of capital assets	-	-	1,591,533
Transfers in	-	-	5,537,703
Transfers out	-	-	(4,104,409)
Total other financing sources (uses)	-	-	3,024,827
SPECIAL ITEM			
Proceeds from sale of land	-	-	3,447,476
Net change in fund balances	2,488,695	81,038	9,238,193
Fund balances - beginning	11,172,130	489,518	62,428,577
FUND BALANCES - ENDING	\$ 13,660,825	\$ 570,556	\$ 71,666,770

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2009**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 3,427	\$ 22,679	\$ 26,106
Investments	-	16,656	129,174	145,830
Receivables, net				
Interest	-	10,636	-	10,636
Total Current Assets	-	30,719	151,853	182,572
RESTRICTED ASSETS				
Special assessments - deferred	-	-	228,326	228,326
Total Restricted Assets	-	-	228,326	228,326
TOTAL ASSETS	\$ -	\$ 30,719	\$ 380,179	\$ 410,898
LIABILITIES AND FUND BALANCES				
NONCURRENT LIABILITIES				
Deferred revenues	\$ -	\$ -	\$ 228,326	\$ 228,326
Total Noncurrent Liabilities	-	-	228,326	228,326
TOTAL LIABILITIES	-	-	228,326	228,326
FUND BALANCES				
Unreserved, reported in:				
Debt service funds	-	30,719	151,853	182,572
TOTAL FUND BALANCES	-	30,719	151,853	182,572
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 30,719	\$ 380,179	\$ 410,898

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES				
Other revenues	\$ -	\$ 18,929	\$ 234,029	\$ 252,958
Total revenues	-	18,929	234,029	252,958
EXPENDITURES				
Debt service:				
Interest	836,420	-	-	836,420
Total expenditures	836,420	-	-	836,420
Excess (deficiency) of revenues over (under) expenditures	(836,420)	18,929	234,029	(583,462)
OTHER FINANCING SOURCES (USES)				
Transfers in	851,666	199,000	175,000	1,225,666
Transfers out	-	(600,000)	(374,000)	(974,000)
Total other financing sources (uses)	851,666	(401,000)	(199,000)	251,666
Net change in fund balances	15,246	(382,071)	35,029	(331,796)
Fund balances - beginning	(15,246)	412,790	116,824	514,368
FUND BALANCES - ENDING	\$ -	\$ 30,719	\$ 151,853	\$ 182,572

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2009
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCT. FUND	354 PARKS CIP 3 CONSTRUCT. FUND
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 34,840	\$ 265,171	\$ 67,049	\$ 69,319
Investments	197,833	1,513,835	382,778	395,735
Receivables, net				
Interest	-	364	-	-
Due from other governmental units	1,034,975	32,767	-	-
Total Current Assets	1,267,648	1,812,137	449,827	465,054
TOTAL ASSETS	\$ 1,267,648	\$ 1,812,137	\$ 449,827	\$ 465,054
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Wages payable	\$ 11,256	\$ 355	\$ 767	\$ -
Accounts payable	265,962	329,236	21,467	52,192
Due to other funds	1,557	-	-	-
Interfund loans payable	310,000	-	-	-
Total Current Liabilities	588,775	329,591	22,234	52,192
TOTAL LIABILITIES	588,775	329,591	22,234	52,192
FUND BALANCES				
Unreserved, reported in:				
Capital projects funds	678,873	1,482,546	427,593	412,862
TOTAL FUND BALANCES	678,873	1,482,546	427,593	412,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,267,648	\$ 1,812,137	\$ 449,827	\$ 465,054

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2009
(Page 2 of 2)**

	360 BLOCK GRANT IMPROVEMENT FUND	396 SR 527 IMPROVEMENT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 757	\$ -	\$ 437,136
Investments	4,321	-	2,494,502
Receivables, net			
Interest	-	-	364
Due from other governmental units	4,222	-	1,071,964
Total Current Assets	9,300	-	4,003,966
TOTAL ASSETS	\$ 9,300	\$ -	\$ 4,003,966
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Wages payable	\$ -	\$ -	\$ 12,378
Accounts payable	-	-	668,857
Due to other funds	-	-	1,557
Interfund loans payable	9,300	-	319,300
Total Current Liabilities	9,300	-	1,002,092
TOTAL LIABILITIES	9,300	-	1,002,092
FUND BALANCES			
Unreserved, reported in:			
Capital projects funds	-	-	3,001,874
TOTAL FUND BALANCES	-	-	3,001,874
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,300	\$ -	\$ 4,003,966

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCTION FUND	354 PARKS CIP 3 CONSTRUCT. FUND
REVENUES				
Intergovernmental revenues	\$ 4,796,785	\$ 63,108	\$ 72,070	\$ -
Other revenues	6,140	77,863	-	-
Total revenues	4,802,925	140,971	72,070	-
EXPENDITURES				
Current:				
Economic environment	-	-	-	-
Capital outlay	7,003,310	1,051,196	2,438,650	1,220,476
Debt service:				
Interest	20,017	-	-	-
Total expenditures	7,023,327	1,051,196	2,438,650	1,220,476
Excess (deficiency) of revenues over (under) expenditures	(2,220,402)	(910,225)	(2,366,580)	(1,220,476)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,388,911	3,249,816	3,045,000	1,099,931
Transfers out	-	-	-	(50,194)
Total other financing sources (uses)	2,388,911	3,249,816	3,045,000	1,049,737
Net change in fund balances	168,509	2,339,591	678,420	(170,739)
Fund balances - beginning	510,364	(857,045)	(250,827)	583,601
FUND BALANCES - ENDING	\$ 678,873	\$ 1,482,546	\$ 427,593	\$ 412,862

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**
(Page 2 of 2)

	360 BLOCK GRANT IMPROV. FUND	396 SR 527 IMPROVEMENT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES			
Intergovernmental revenues	\$ 9,911	\$ -	\$ 4,941,874
Other revenues	-	181	84,184
Total revenues	9,911	181	5,026,058
EXPENDITURES			
Current:			
Economic environment	9,911	-	9,911
Capital outlay	-	-	11,713,632
Debt service:			
Interest	-	-	20,017
Total expenditures	9,911	-	11,743,560
Excess (deficiency) of revenues over (under) expenditures	-	181	(6,717,502)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	9,783,658
Transfers out	-	(50,770)	(100,964)
Total other financing sources (uses)	-	(50,770)	9,682,694
Net change in fund balances	-	(50,589)	2,965,192
Fund balances - beginning	-	50,589	36,682
FUND BALANCES - ENDING	\$ -	\$ -	\$ 3,001,874

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 101 – PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 7,496,224	\$ 7,464,328	\$ 7,464,328	\$ -
Intergovernmental revenues	-	-	12,132	12,132
Charges for services	1,152,700	1,152,700	1,264,097	111,397
Other revenues	355,791	355,791	361,311	5,520
Total Revenues	9,004,715	8,972,819	9,101,868	129,049
EXPENDITURES				
Current:				
Culture and recreation	8,438,046	8,411,540	8,388,012	23,528
Capital outlay	566,669	566,669	119,496	447,173
Total Expenditures	9,004,715	8,978,209	8,507,508	470,701
Excess (deficiency) of revenues over (under) expenditures	-	(5,390)	594,360	599,750
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(62,295)	(62,659)	(364)
Total other financing sources (uses)	-	(62,295)	(62,659)	(364)
Net changes in fund balances	-	(67,685)	531,701	599,386
Fund balances - beginning	-	67,685	3,733,439	3,665,754
FUND BALANCES - ENDING	\$ -	\$ -	\$ 4,265,140	\$ 4,265,140

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 110 – LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 4,583,472	\$ 4,569,522	\$ 4,569,522	\$ -
Intergovernmental revenues	-	29,160	-	(29,160)
Charges for services	20,000	20,000	23,794	3,794
Fines and forfeits	80,000	80,000	83,981	3,981
Other revenues	43,742	76,892	67,689	(9,203)
Total Revenues	4,727,214	4,775,574	4,744,986	(30,588)
EXPENDITURES				
Current:				
Culture and recreation	4,027,395	4,075,755	3,909,658	166,097
Capital outlay	1,042,579	1,042,579	704,999	337,580
Total Expenditures	5,069,974	5,118,334	4,614,657	503,677
Excess (deficiency) of revenues over (under) expenditures	(342,760)	(342,760)	130,329	473,089
OTHER FINANCING SOURCES (USES)				
Transfers in	342,760	342,760	-	(342,760)
Total other financing sources (uses)	342,760	342,760	-	(342,760)
Net changes in fund balances	-	-	130,329	130,329
Fund balances - beginning	-	-	1,924,603	1,924,603
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,054,932	\$ 2,054,932

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 112 – COMMUNITY THEATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 697,095	\$ 697,095	\$ 650,304	\$ (46,791)
Intergovernmental revenues	-	77,000	77,000	-
Charges for services	25,000	25,000	-	(25,000)
Other revenues	168,306	177,806	167,324	(10,482)
Total Revenues	890,401	976,901	894,628	(82,273)
EXPENDITURES				
Current:				
Culture and recreation	870,401	1,325,901	845,234	480,667
Capital outlay	20,000	20,000	8,319	11,681
Total Expenditures	890,401	1,345,901	853,553	492,348
Excess (deficiency) of revenues over (under) expenditures	-	(369,000)	41,075	410,075
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	22,000	22,000
Total other financing sources (uses)	-	-	22,000	22,000
Net changes in fund balances	-	(369,000)	63,075	432,075
Fund balances - beginning	-	369,000	578,572	209,572
FUND BALANCES - ENDING	\$ -	\$ -	\$ 641,647	\$ 641,647

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 114 – CONFERENCE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 124,734	\$ 124,734	\$ 120,619	\$ (4,115)
Total Revenues	124,734	124,734	120,619	(4,115)
EXPENDITURES				
Current:				
Culture and recreation	67,002	127,002	14,400	112,602
Total Expenditures	67,002	127,002	14,400	112,602
Excess (deficiency) of revenues over (under) expenditures	57,732	(2,268)	106,219	108,487
OTHER FINANCING SOURCES (USES)				
Transfers in	664,268	664,268	637,179	(27,089)
Transfers out	(722,000)	(722,000)	(722,000)	-
Total other financing sources (uses)	(57,732)	(57,732)	(84,821)	(27,089)
Net changes in fund balances	-	(60,000)	21,398	81,398
Fund balances - beginning	-	60,000	95,203	35,203
FUND BALANCES - ENDING	\$ -	\$ -	\$ 116,601	\$ 116,601

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 115 – GENERAL GOVERNMENT SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 572,200	\$ 572,200	\$ 572,200	\$ -
Other revenues	\$ -	\$ -	\$ 13,639	\$ 13,639
Total Revenues	572,200	572,200	585,839	13,639
EXPENDITURES				
Current:				
Physical environment	572,200	744,300	111,993	632,307
Total Expenditures	572,200	744,300	111,993	632,307
Excess (deficiency) of revenues over (under) expenditures	-	(172,100)	473,846	645,946
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	(172,100)	473,846	645,946
Fund balances - beginning	-	172,100	184,302	12,202
FUND BALANCES - ENDING	\$ -	\$ -	\$ 658,148	\$ 658,148

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 119 – STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,374,588	\$ 1,174,588	\$ 1,174,588	\$ -
Intergovernmental revenues	762,996	762,996	728,058	(34,938)
Charges for services	-	-	1,494	1,494
Other revenues	25,412	25,412	44,648	19,236
Total Revenues	2,162,996	1,962,996	1,948,788	(14,208)
EXPENDITURES				
Current:				
Transportation	-	-	52,249	(52,249)
Capital outlay	2,462,996	4,020,967	2,531,372	1,489,595
Total Expenditures	2,462,996	4,020,967	2,583,621	1,437,346
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(2,057,971)	(634,833)	1,423,138
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	353,931	53,931
Transfers out	-	-	(397,063)	(397,063)
Total other financing sources (uses)	300,000	300,000	(43,132)	(343,132)
Net changes in fund balances	-	(1,757,971)	(677,965)	1,080,006
Fund balances - beginning	-	1,757,971	1,778,906	20,935
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,100,941	\$ 1,100,941

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 120 – STREETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 585,784	\$ 585,784	\$ 585,784	\$ -
Intergovernmental revenues	1,631,847	1,631,847	1,517,488	(114,359)
Charges for services	-	-	27,815	27,815
Other revenues	107,163	107,163	59,130	(48,033)
Total Revenues	2,324,794	2,324,794	2,190,217	(134,577)
EXPENDITURES				
Current:				
Transportation	2,324,794	2,399,794	2,065,477	334,317
Total Expenditures	2,324,794	2,399,794	2,065,477	334,317
Excess (deficiency) of revenues over (under) expenditures	-	(75,000)	124,740	199,740
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	(75,000)	124,740	199,740
Fund balances - beginning	-	75,000	2,175,638	2,100,638
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,300,378	\$ 2,300,378

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 126 – MOTOR VEHICLE EQUIPMENT REPLACEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 114,971	\$ 114,971	\$ 74,874	\$ (40,097)
Total Revenues	114,971	114,971	74,874	(40,097)
EXPENDITURES				
Current:				
Capital outlay	2,197,000	2,241,500	1,221,819	1,019,681
Total Expenditures	2,197,000	2,241,500	1,221,819	1,019,681
Excess (deficiency) of revenues over (under) expenditures	(2,082,029)	(2,126,529)	(1,146,945)	979,584
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	35,000	35,000	64,094	29,094
Transfers in	1,771,909	1,771,909	3,022,829	1,250,920
Transfers out	(150,000)	(150,000)	(12,500)	137,500
Total other financing sources (uses)	1,656,909	1,656,909	3,074,423	1,417,514
Net changes in fund balances	(425,120)	(469,620)	1,927,478	2,397,098
Fund balances - beginning	3,175,719	3,220,219	3,561,078	340,859
FUND BALANCES - ENDING	\$ 2,750,599	\$ 2,750,599	\$ 5,488,556	\$ 2,737,957

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 138 – MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 345,000	\$ 345,000	\$ 273,102	\$ (71,898)
Other revenues	17,500	17,500	7,687	(9,813)
Total Revenues	362,500	362,500	280,789	(81,711)
EXPENDITURES				
Current:				
Culture and recreation	465,000	465,000	308,095	156,905
Debt service:				
Principal retirement	52,311	52,311	52,311	-
Total Expenditures	517,311	517,311	360,406	156,905
Excess (deficiency) of revenues over (under) expenditures	(154,811)	(154,811)	(79,617)	75,194
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(22,000)	(22,000)
Total other financing sources (uses)	-	-	(22,000)	(22,000)
Net changes in fund balances	(154,811)	(154,811)	(101,617)	53,194
Fund balances - beginning	434,665	434,665	450,900	16,235
FUND BALANCES - ENDING	\$ 279,854	\$ 279,854	\$ 349,283	\$ 69,429

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 144 – DOWNTOWN IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Fines and forfeits	\$ 750,000	\$ 750,000	\$ 427,402	\$ (322,598)
Other revenues	-	-	5,733	5,733
Total Revenues	750,000	750,000	433,135	(316,865)
EXPENDITURES				
Current:				
Capital outlay	750,000	750,000	231,918	518,082
Total Expenditures	750,000	750,000	231,918	518,082
Excess (deficiency) of revenues over (under) expenditures	-	-	201,217	201,217
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	201,217	201,217
Fund balances - beginning	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ 201,217	\$ 201,217

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 145 – CUMULATIVE RESERVE REAL PROPERTY ACQUISITION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 59,143	\$ 59,143	\$ 62,601	\$ 3,458
Total Revenues	59,143	59,143	62,601	3,458
EXPENDITURES				
Current:				
General government services	52,100	52,100	75,377	(23,277)
Capital outlay	754,891	1,625,891	871,888	754,003
Total Expenditures	806,991	1,677,991	947,265	730,726
Excess (deficiency) of revenues over (under) expenditures	(747,848)	(1,618,848)	(884,664)	734,184
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	5,000	5,000	1,527,439	1,522,439
Total other financing sources (uses)	5,000	5,000	1,527,439	1,522,439
SPECIAL ITEM				
Proceeds from sale of land	-	-	3,447,476	3,447,476
Net changes in fund balances	(742,848)	(1,613,848)	4,090,251	5,704,099
Fund balances - beginning	742,848	1,613,848	2,145,128	531,280
FUND BALANCES - ENDING	\$ -	\$ -	\$ 6,235,379	\$ 6,235,379

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 146 – PROPERTY MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 806,184	\$ 806,184	\$ 727,499	\$ (78,685)
Total Revenues	806,184	806,184	727,499	(78,685)
EXPENDITURES				
Current:				
General government services	750,539	750,539	894,436	(143,897)
Capital outlay	3,891,200	3,891,200	399,375	3,491,825
Total Expenditures	4,641,739	4,641,739	1,293,811	3,347,928
Excess (deficiency) of revenues over (under) expenditures	(3,835,555)	(3,835,555)	(566,312)	3,269,243
OTHER FINANCING SOURCES (USES)				
Transfers in	942,263	942,263	1,376,411	434,148
Transfers out	(22,533)	(22,533)	-	22,533
Total other financing sources (uses)	919,730	919,730	1,376,411	456,681
Net changes in fund balances	(2,915,825)	(2,915,825)	810,099	3,725,924
Fund balances - beginning	4,034,215	4,034,215	4,575,981	541,766
FUND BALANCES - ENDING	\$ 1,118,390	\$ 1,118,390	\$ 5,386,080	\$ 4,267,690

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 148 – CUMULATIVE RESERVE PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 293,535	\$ (6,465)
Other revenues	45,500	45,500	45,254	(246)
Total Revenues	345,500	345,500	338,789	(6,711)
EXPENDITURES				
Current:				
Economic environment	-	-	3,232	(3,232)
Culture and recreation	320,000	320,000	222,482	97,518
Capital outlay	875,000	875,000	-	875,000
Total Expenditures	1,195,000	1,195,000	225,714	969,286
Excess (deficiency) of revenues over (under) expenditures	(849,500)	(849,500)	113,075	962,575
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	62,659	62,659
Total other financing sources (uses)	-	-	62,659	62,659
Net changes in fund balances	(849,500)	(849,500)	175,734	1,025,234
Fund balances - beginning	1,951,182	1,951,182	1,996,153	44,971
FUND BALANCES - ENDING	\$ 1,101,682	\$ 1,101,682	\$ 2,171,887	\$ 1,070,205

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 149 – SENIOR CENTER RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 104,008	\$ 104,008	\$ 78,123	\$ (25,885)
Other revenues	28,686	28,686	123,579	94,893
Total Revenues	132,694	132,694	201,702	69,008
EXPENDITURES				
Current:				
Economic environment	124,703	124,703	75,525	49,178
Total Expenditures	124,703	124,703	75,525	49,178
Excess (deficiency) of revenues over (under) expenditures	7,991	7,991	126,177	118,186
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	7,991	7,991	126,177	118,186
Fund balances - beginning	242,424	242,424	241,353	(1,071)
FUND BALANCES - ENDING	\$ 250,415	\$ 250,415	\$ 367,530	\$ 117,115

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 151 – ANIMALS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 41,500	\$ 86,500	\$ 180,696	\$ 94,196
Total Revenues	41,500	86,500	180,696	94,196
EXPENDITURES				
Current:				
Physical environment	45,000	90,000	76,085	13,915
Capital outlay	-	-	5,544	(5,544)
Total Expenditures	45,000	90,000	81,629	8,371
Excess (deficiency) of revenues over (under) expenditures	(3,500)	(3,500)	99,067	102,567
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(3,500)	(3,500)	99,067	102,567
Fund balances - beginning	212,541	212,541	261,460	48,919
FUND BALANCES - ENDING	\$ 209,041	\$ 209,041	\$ 360,527	\$ 151,486

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 152 – CUMULATIVE RESERVE LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 1,963	\$ 1,963
Charges for services	3,500	3,500	3,230	(270)
Other revenues	54,250	54,250	53,195	(1,055)
Total Revenues	57,750	57,750	58,388	638
EXPENDITURES				
Current:				
Culture and recreation	23,700	48,700	36,860	11,840
Capital outlay	25,000	25,000	10,901	14,099
Total Expenditures	48,700	73,700	47,761	25,939
Excess (deficiency) of revenues over (under) expenditures	9,050	(15,950)	10,627	26,577
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	9,050	(15,950)	10,627	26,577
Fund balances - beginning	475,898	475,898	481,766	5,868
FUND BALANCES - ENDING	\$ 484,948	\$ 459,948	\$ 492,393	\$ 32,445

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 153 – EMERGENCY MEDICAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 4,302,949	\$ 4,302,949	\$ 4,351,065	\$ 48,116
Intergovernmental revenues	317,080	317,080	161,261	(155,819)
Charges for services	1,650,907	1,650,907	1,724,745	73,838
Other revenues	85,489	85,489	(3,189)	(88,678)
Total Revenues	6,356,425	6,356,425	6,233,882	(122,543)
EXPENDITURES				
Current:				
Security of persons and property	7,627,999	7,627,999	7,469,340	158,659
Capital outlay	304,288	304,288	-	304,288
Debt service:				
Interest			2,142	(2,142)
Total Expenditures	7,932,287	7,932,287	7,471,482	460,805
Excess (deficiency) of revenues over (under) expenditures	(1,575,862)	(1,575,862)	(1,237,600)	338,262
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	12,500	12,500
Total other financing sources (uses)	-	-	12,500	12,500
Net changes in fund balances	(1,575,862)	(1,575,862)	(1,225,100)	350,762
Fund balances - beginning	2,137,236	2,137,236	1,650,613	(486,623)
FUND BALANCES - ENDING	\$ 561,374	\$ 561,374	\$ 425,513	\$ (135,861)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 154 – REAL ESTATE EXCISE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 613,887	\$ (1,086,113)
Other revenues	267,600	267,600	134,303	(133,297)
Total Revenues	1,967,600	1,967,600	748,190	(1,219,410)
EXPENDITURES				
Current:				
Culture and recreation	-	-	70,766	(70,766)
Debt service:				
Principal retirement	180,898	180,898	167,005	13,893
Interest	-	-	13,893	(13,893)
Total Expenditures	180,898	180,898	251,664	(70,766)
Excess (deficiency) of revenues over (under) expenditures	1,786,702	1,786,702	496,526	(1,290,176)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	50,194	50,194
Transfers out	(580,000)	(2,367,731)	(1,399,931)	967,800
Total other financing sources (uses)	(580,000)	(2,367,731)	(1,349,737)	1,017,994
Net changes in fund balances	1,206,702	(581,029)	(853,211)	(272,182)
Fund balances - beginning	6,381,077	7,405,240	7,162,719	(242,521)
FUND BALANCES - ENDING	\$ 7,587,779	\$ 6,824,211	\$ 6,309,508	\$ (514,703)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 156 – CRIMINAL JUSTICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,445,900	\$ 1,445,900	\$ 1,324,518	\$ (121,382)
Intergovernmental revenues	541,176	819,197	1,187,600	368,403
Charges for services	425,000	425,000	498,312	73,312
Fines and forfeits	16,000	16,000	12,578	(3,422)
Other revenues	711,320	711,320	525,239	(186,081)
Total Revenues	3,139,396	3,417,417	3,548,247	130,830
EXPENDITURES				
Current:				
General government services	523,906	523,906	457,970	65,936
Security of persons and property	1,920,178	2,271,630	1,650,130	621,500
Capital outlay	160,941	257,385	89,010	168,375
Total Expenditures	2,605,025	3,052,921	2,197,110	855,811
Excess (deficiency) of revenues over (under) expenditures	534,371	364,496	1,351,137	986,641
OTHER FINANCING SOURCES (USES)				
Transfers out	(755,769)	(755,769)	(735,056)	20,713
Total other financing sources (uses)	(755,769)	(755,769)	(735,056)	20,713
Net changes in fund balances	(221,398)	(391,273)	616,081	1,007,354
Fund balances - beginning	8,551,098	8,624,529	8,952,689	328,160
FUND BALANCES - ENDING	\$ 8,329,700	\$ 8,233,256	\$ 9,568,770	\$ 1,335,514

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 157 – TRAFFIC MITIGATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 200,000	\$ 200,000	\$ 1,114,105	\$ 914,105
Other revenues	164,000	164,000	139,031	(24,969)
Total Revenues	364,000	364,000	1,253,136	889,136
EXPENDITURES				
Capital outlay	4,563,162	4,563,162	102,878	4,460,284
Total Expenditures	4,563,162	4,563,162	102,878	4,460,284
Excess (deficiency) of revenues over (under) expenditures	(4,199,162)	(4,199,162)	1,150,258	5,349,420
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(503,200)	(503,200)
Total other financing sources (uses)	-	-	(503,200)	(503,200)
Net changes in fund balances	(4,199,162)	(4,199,162)	647,058	4,846,220
Fund balances - beginning	4,199,162	4,199,162	4,193,753	(5,409)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 4,840,811	\$ 4,840,811

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 158 – BOEING MITIGATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 2,000	\$ 2,000	\$ 1,131	\$ (869)
Total Revenues	2,000	2,000	1,131	(869)
EXPENDITURES				
Current:				
Transportation	200,000	413,595	213,595	200,000
Total Expenditures	200,000	413,595	213,595	200,000
Excess (deficiency) of revenues over (under) expenditures	(198,000)	(411,595)	(212,464)	199,131
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(50,000)	(250,000)	(200,000)
Total other financing sources (uses)	-	(50,000)	(250,000)	(200,000)
Net changes in fund balances	(198,000)	(461,595)	(462,464)	(869)
Fund balances - beginning	773,739	773,739	462,464	(311,275)
FUND BALANCES - ENDING	\$ 575,739	\$ 312,144	\$ -	\$ (312,144)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 160 – CONTINGENCY RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 175,485	\$ 175,485	\$ (60,061)	\$ (235,546)
Total Revenues	175,485	175,485	(60,061)	(235,546)
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	175,485	175,485	(60,061)	(235,546)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	175,485	175,485	(60,061)	(235,546)
Fund balances - beginning	4,129,053	4,129,053	4,160,209	31,156
FUND BALANCES - ENDING	\$ 4,304,538	\$ 4,304,538	\$ 4,100,148	\$ (204,390)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 197 – CHIP LOAN PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 750,000	\$ 750,000	\$ 2,796,983	\$ 2,046,983
Other revenues	858,504	858,504	132,173	(726,331)
Total Revenues	1,608,504	1,608,504	2,929,156	1,320,652
EXPENDITURES				
Current:				
Economic environment	816,182	816,182	440,461	375,721
Capital outlay	58,000	58,000	-	58,000
Total Expenditures	874,182	874,182	440,461	433,721
Excess (deficiency) of revenues over (under) expenditures	734,322	734,322	2,488,695	1,754,373
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	734,322	734,322	2,488,695	1,754,373
Fund balances - beginning	12,349,322	12,349,322	11,172,130	(1,177,192)
FUND BALANCES - ENDING	\$ 13,083,644	\$ 13,083,644	\$ 13,660,825	\$ 577,181

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 198 – COMMUNITY DEVELOPMENT BLOCK GRANTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 770,373	\$ 770,373	\$ 651,819	\$ (118,554)
Other revenues	-	-	91,821	91,821
Total Revenues	770,373	770,373	743,640	(26,733)
EXPENDITURES				
Current:				
Economic environment	1,260,011	1,260,011	662,602	597,409
Total Expenditures	1,260,011	1,260,011	662,602	597,409
Excess (deficiency) of revenues over (under) expenditures	(489,638)	(489,638)	81,038	570,676
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(489,638)	(489,638)	81,038	570,676
Fund balances - beginning	489,638	489,638	489,518	(120)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 570,556	\$ 570,556

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 210 – BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	800,000	800,000	-	800,000
Interest	1,304,400	1,304,400	836,420	467,980
Total Expenditures	2,104,400	2,104,400	836,420	1,267,980
Excess (deficiency) of revenues over (under) expenditures	(2,104,400)	(2,104,400)	(836,420)	1,267,980
OTHER FINANCING SOURCES (USES)				
Transfers in	2,104,400	2,104,400	851,666	(1,252,734)
Total other financing sources (uses)	2,104,400	2,104,400	851,666	(1,252,734)
Net change in fund balances	-	-	15,246	15,246
Fund Balances - beginning	-	-	(15,246)	(15,246)
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 243 – L.I.D. GUARANTY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other Revenues	\$ 32,000	\$ 32,000	\$ 18,929	\$ (13,071)
Total Revenues	32,000	32,000	18,929	(13,071)
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	32,000	32,000	18,929	(13,071)
OTHER FINANCING SOURCES (USES)				
Transfers in	236,000	236,000	199,000	(37,000)
Transfers out	(600,000)	(600,000)	(600,000)	-
Total other financing sources (uses)	(364,000)	(364,000)	(401,000)	(37,000)
Net change in fund balances	(332,000)	(332,000)	(382,071)	(50,071)
Fund Balances - beginning	410,332	410,332	412,790	2,458
FUND BALANCES - ENDING	\$ 78,332	\$ 78,332	\$ 30,719	\$ (47,613)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 299 – CONSOLIDATED L.I.D. BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 205,000	\$ 205,000	\$ 234,029	\$ 29,029
TOTAL REVENUES	205,000	205,000	234,029	29,029
EXPENDITURES				
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	205,000	205,000	234,029	29,029
OTHER FINANCING SOURCES (USES)				
Transfers in	173,000	173,000	175,000	2,000
Transfers out	(376,000)	(376,000)	(374,000)	2,000
Total other financing sources (uses)	(203,000)	(203,000)	(199,000)	4,000
Net change in fund balances	2,000	2,000	35,029	33,029
Fund Balances - beginning	121,424	121,424	116,824	(4,600)
FUND BALANCES - ENDING	\$ 123,424	\$ 123,424	\$ 151,853	\$ 28,429



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**COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2009**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,332	\$ 349,619	\$ 35,220	\$ 392,171
Investments	25,051	1,985,236	199,990	2,210,277
Customer accounts	199,853	-	6,000	205,853
Interest	-	9,820	-	9,820
Due from other governments	187,696	-	-	187,696
Inventory	-	-	84,702	84,702
Total Current Assets	419,932	2,344,675	325,912	3,090,519
NONCURRENT ASSETS				
Land	-	756,141	203,481	959,622
Construction in progress	976,869	-	-	976,869
Capital assets, net of depreciation (Note 6)	5,346,649	394,814	6,038,629	11,780,092
Total Noncurrent Assets	6,323,518	1,150,955	6,242,110	13,716,583
TOTAL ASSETS	\$ 6,743,450	\$ 3,495,630	\$ 6,568,022	\$ 16,807,102
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
Wages and benefits payable	\$ 538	\$ -	\$ 21,453	\$ 21,991
Accounts payable	141,262	26,095	110,107	277,464
Taxes payable	-	-	9,513	9,513
Interfund loans payable	8,505,923	-	-	8,505,923
Deferred revenues	-	-	167,386	167,386
Current portion of long-term debt	-	-	39,554	39,554
Other current liabilities	-	-	26,766	26,766
Total Current Liabilities	8,647,723	26,095	374,779	9,048,597
NONCURRENT LIABILITIES				
Advances from other funds	-	-	7,909,168	7,909,168
Other long-term liabilities	-	-	318,100	318,100
Total Noncurrent Liabilities	-	-	8,227,268	8,227,268
TOTAL LIABILITIES	8,647,723	26,095	8,602,047	17,275,865
FUND EQUITY				
Invested in capital assets, net of related debt	6,323,518	1,150,955	6,202,556	13,677,029
Unrestricted	(8,227,791)	2,318,580	(8,236,581)	(14,145,792)
TOTAL FUND EQUITY	(1,904,273)	3,469,535	(2,034,025)	(468,763)
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,743,450	\$ 3,495,630	\$ 6,568,022	\$ 16,807,102

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:				
Admission taxes	\$ -	-	\$ 95,784	\$ 95,784
Charges for services	1,802,186	374,764	\$ 3,742,995	5,919,945
Total Operating Revenues	1,802,186	374,764	3,838,779	6,015,729
OPERATING EXPENSES:				
Personnel services	58,956	-	972,332	1,031,288
Supplies	33,807	539	694,489	728,835
Professional services	2,544,178	193,980	1,229,580	3,967,738
Depreciation and amortization	276,527	42,926	656,831	976,284
Other operating expenses	82,635	35,506	701,379	819,520
Total Operating Expenses	2,996,103	272,951	4,254,611	7,523,665
Operating Income (Loss)	(1,193,917)	101,813	(415,832)	(1,507,936)
NON-OPERATING REVENUES (EXPENSES):				
Interest and investment revenue	1,782	44,618	9,323	55,723
Gain (loss) on sale/retirement of assets	-	-	3,280	3,280
Interest expense	(268,224)	-	(323,317)	(591,541)
Total Non-Operating Revenues (Expenses)	(266,442)	44,618	(310,714)	(532,538)
Income (Loss) Before Contributions and Transfers	(1,460,359)	146,431	(726,546)	(2,040,474)
Capital contributions	308,033	-	-	308,033
INCREASE (DECREASE) IN NET EQUITY	(1,152,326)	146,431	(726,546)	(1,732,441)
NET EQUITY - BEGINNING	(751,947)	3,323,104	(1,307,479)	1,263,678
NET EQUITY - ENDING	\$ (1,904,273)	\$ 3,469,535	\$ (2,034,025)	\$ (468,763)

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,769,788	\$ 374,764	\$ 3,853,630	\$ 5,998,182
Payments to suppliers	(2,772,153)	(201,111)	(2,163,291)	(5,136,555)
Payments to employees	(58,839)	-	(996,305)	(1,055,144)
Payments for interfund services used	(15,228)	(20,580)	(202,733)	(238,541)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,076,432)	153,073	491,301	(432,058)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loans received	2,889,000	-	269,000	3,158,000
Interfund loans paid out	(1,444,000)	-	-	(1,444,000)
Interest paid on interfund loans	(268,224)	-	(316,445)	(584,669)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,176,776	-	(47,445)	1,129,331
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	-	-	(114,366)	(114,366)
Interest paid on capital debt	-	-	(6,872)	(6,872)
Receipts from capital grants	253,554	-	-	253,554
Proceeds from sale of capital assets	-	-	16,462	16,462
Acquisition and construction of capital assets	(375,754)	-	(115,550)	(491,304)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(122,200)	-	(220,326)	(342,526)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	13,838	-	-	13,838
Purchase of investments	-	(355,982)	-	(355,982)
Investment income	3,596	110,612	(190,667)	(76,459)
NET CASH PROVIDED BY INVESTING ACTIVITIES	17,434	(245,370)	(190,667)	(418,603)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,422)	(92,297)	32,863	(63,856)
Cash and Cash Equivalents, January 1	11,754	441,916	2,357	456,027
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 7,332	\$ 349,619	\$ 35,220	\$ 392,171
Current Cash and Cash Equivalents	7,332	349,619	35,220	392,171
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 7,332	\$ 349,619	\$ 35,220	\$ 392,171
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,193,917)	\$ 101,813	\$ (415,832)	\$ (1,507,936)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	276,527	42,926	656,831	976,284
Change in Assets and Liabilities:				
(Increase) decrease in inventories	-	-	7,786	7,786
(Increase) decrease in receivables	(32,398)	-	8,948	(23,450)
(Increase) decrease in accounts and other payables	(126,644)	8,334	254,067	135,757
Increase (decrease) in compensated absences	-	-	(26,402)	(26,402)
Increase (decrease) in other current liabilities	-	-	5,903	5,903
TOTAL ADJUSTMENTS	117,485	51,260	907,133	1,075,878
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (1,076,432)	\$ 153,073	\$ 491,301	\$ (432,058)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Non-Cash Financing, Capital and Investing Activities:				
Increase (decrease) in fair value of investments	(1,814)	(39,903)	199,990	158,273
TOTAL NON-CASH ACTIVITIES	(1,814)	(39,903)	199,990	158,273



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**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2009
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 152,796	\$ 1,583,825	\$ 175,622
Investments	867,620	8,993,394	997,232
Receivables, net			
Customer accounts	-	-	-
Interest	1,882	30,477	-
Due from other governments	-	-	-
Prepayments	-	537,008	-
Inventory	461,162	-	8,813
Total Current Assets	1,483,460	11,144,704	1,181,667
NONCURRENT ASSETS			
Intangible assets	-	-	128,721
Capital assets, net of depreciation (Note 6)	170,572	-	227,476
Total Noncurrent Assets	170,572	-	356,197
TOTAL ASSETS	\$ 1,654,032	\$ 11,144,704	\$ 1,537,864
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Wages and benefits payable	\$ 152,029	\$ -	\$ -
Accounts payable	202,906	154,393	29,475
Claims and judgments payable	-	3,824,519	-
Taxes payable	880	-	-
Due to other funds	1,175	77	1,326
Other current liabilities	-	-	-
Total Current Liabilities	356,990	3,978,989	30,801
NONCURRENT LIABILITIES			
Claims and judgments payable	-	7,228,546	-
Other long-term liabilities	47,093	-	-
Total Noncurrent Liabilities	47,093	7,228,546	-
TOTAL LIABILITIES	404,083	11,207,535	30,801
FUND EQUITY			
Invested in capital assets, net of related debt	170,572	-	227,476
Unrestricted	1,079,377	(62,831)	1,279,587
TOTAL FUND EQUITY	1,249,949	(62,831)	1,507,063
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,654,032	\$ 11,144,704	\$ 1,537,864

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2009
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 127,662	\$ 682,966	\$ 2,722,871
Investments	724,901	3,878,069	15,461,216
Receivables, net			
Customer accounts	-	10,663	10,663
Interest	2,294	14,040	48,693
Due from other governments	-	15,464	15,464
Prepayments	-	-	537,008
Inventory	-	-	469,975
Total Current Assets	854,857	4,601,202	19,265,890
NONCURRENT ASSETS			
Intangible assets	-	-	128,721
Capital assets, net of depreciation (Note 6)	677,502	-	1,075,550
Total Noncurrent Assets	677,502	-	1,204,271
TOTAL ASSETS	\$ 1,532,359	\$ 4,601,202	\$ 20,470,161
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Wages and benefits payable	\$ 16,147	\$ -	\$ 168,176
Accounts payable	14,315	11,750	412,839
Claims and judgments payable	-	1,650,186	5,474,705
Taxes payable	-	-	880
Due to other funds	-	-	2,578
Other current liabilities	-	116,957	116,957
Total Current Liabilities	30,462	1,778,893	6,176,135
NONCURRENT LIABILITIES			
Claims and judgments payable	-	-	7,228,546
Other long-term liabilities	5,768	-	52,861
Total Noncurrent Liabilities	5,768	-	7,281,407
TOTAL LIABILITIES	36,230	1,778,893	13,457,542
FUND EQUITY			
Invested in capital assets, net of related debt	677,502	-	1,075,550
Unrestricted	818,627	2,822,309	5,937,069
TOTAL FUND EQUITY	1,496,129	2,822,309	7,012,619
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,532,359	\$ 4,601,202	\$ 20,470,161

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 1 OF 2)

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
OPERATING REVENUES:			
Charges for services	\$ 6,426,356	\$ 5,766,196	\$ 1,495,677
Total Operating Revenues	6,426,356	5,766,196	1,495,677
OPERATING EXPENSES:			
Personnel services	2,199,466	522,283	6,467
Supplies	3,203,685	-	234,703
Professional services	276,902	1,429,915	87,071
Depreciation and amortization	21,358	-	127,571
Other operating expenses	692,499	6,812,070	452,907
Total Operating Expenses	6,393,910	8,764,268	908,719
Operating Income (Loss)	32,446	(2,998,072)	586,958
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental revenues	22,988	-	-
Interest and investment revenue	12,896	191,509	15,988
Gain (loss) on sale/retirement of assets	157	-	-
Sale of junk/salvage	1,942	-	-
Total Non-Operating Revenues (Expenses)	37,983	191,509	15,988
Income (Loss) Before Contributions and Transfers	70,429	(2,806,563)	602,946
Transfers out	(5,004)	-	-
INCREASE (DECREASE) IN NET EQUITY	65,425	(2,806,563)	602,946
NET EQUITY - BEGINNING	1,184,524	2,743,732	904,117
NET EQUITY - ENDING	\$ 1,249,949	\$ (62,831)	\$ 1,507,063

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 2 OF 2)

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:			
Charges for services	\$ 1,222,272	\$ 5,361,782	\$ 20,272,283
Total Operating Revenues	1,222,272	5,361,782	20,272,283
OPERATING EXPENSES:			
Personnel services	271,058	-	2,999,274
Supplies	85,509	687	3,524,584
Professional services	32,460	7,946,373	9,772,721
Depreciation and amortization	95,576	-	244,505
Other operating expenses	756,793	16,418	8,730,687
Total Operating Expenses	1,241,396	7,963,478	25,271,771
Operating Income (Loss)	(19,124)	(2,601,696)	(4,999,488)
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental revenues	-	-	22,988
Interest and investment revenue	15,259	108,548	344,200
Gain (loss) on sale/retirement of assets	(2,619)	-	(2,462)
Sale of junk/salvage	-	-	1,942
Total Non-Operating Revenues (Expenses)	12,640	108,548	366,668
Income (Loss) Before Contributions and Transfers	(6,484)	(2,493,148)	(4,632,820)
Transfers out	-	-	(5,004)
INCREASE (DECREASE) IN NET EQUITY	(6,484)	(2,493,148)	(4,637,824)
NET EQUITY - BEGINNING	1,502,613	5,315,457	11,650,443
NET EQUITY - ENDING	\$ 1,496,129	\$ 2,822,309	\$ 7,012,619

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 331,851	\$ 89,056	\$ -
Receipts from interfund services provided	6,196,790	5,677,217	1,497,003
Payments to suppliers	(3,872,485)	(1,238,315)	(932,868)
Payments to employees	(2,197,512)	(532,543)	(6,467)
Payments for interfund services used	(396,205)	-	-
Claims paid	-	(3,631,914)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	62,439	363,501	557,668
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from non-capital grants	22,988	-	-
Transfers to other funds	(5,004)	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	17,984	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	2,099	-	-
Acquisition and construction of capital assets	(6,151)	-	(269,567)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(4,052)	-	(269,567)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	-	-	-
Purchase of investments	(143,784)	(1,263,283)	(326,942)
Investment income	23,898	387,523	32,392
NET CASH PROVIDED BY INVESTING ACTIVITIES	(119,886)	(875,760)	(294,550)
Net Increase (Decrease) in Cash and Cash Equivalents	(43,515)	(512,259)	(6,449)
Cash and Cash Equivalents, January 1	196,311	2,096,084	182,071
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 152,796	\$ 1,583,825	\$ 175,622
Current Cash and Cash Equivalents	152,796	1,583,825	175,622
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 152,796	\$ 1,583,825	\$ 175,622
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 32,446	\$ (2,998,072)	\$ 586,958
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	21,358	-	127,571
Change in Assets and Liabilities:			
(Increase) decrease in inventories	(99,476)	-	(2,945)
(Increase) decrease in receivables	23,570	-	-
(Increase) decrease in prepaid expenses	-	95,187	81,740
(Increase) decrease in accounts and other payables	90,995	3,266,309	(236,982)
Increase (decrease) in compensated absences	(6,454)	-	-
Increase (decrease) in other current liabilities	-	77	1,326
TOTAL ADJUSTMENTS	29,993	3,361,573	(29,290)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 62,439	\$ 363,501	\$ 557,668
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	(12,507)	(168,145)	(16,136)
TOTAL NON-CASH ACTIVITIES	(12,507)	(168,145)	(16,136)

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ -	\$ 141,795	\$ 562,702
Receipts from interfund services provided	1,222,272	5,202,838	19,796,120
Payments to suppliers	(895,134)	(7,853,485)	(14,792,287)
Payments to employees	(268,687)	-	(3,005,209)
Payments for interfund services used	(60,766)	-	(456,971)
Claims paid	-	-	(3,631,914)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(2,315)	(2,508,852)	(1,527,559)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from non-capital grants	-	-	22,988
Transfers to other funds	-	-	(5,004)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	17,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	2,099
Acquisition and construction of capital assets	(71,258)	-	(346,976)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(71,258)	-	(344,877)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	-	1,488,958	1,488,958
Purchase of investments	(25,298)	-	(1,759,307)
Investment income	36,959	250,984	731,756
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,661	1,739,942	461,407
Net Increase (Decrease) in Cash and Cash Equivalents	(61,912)	(768,910)	(1,393,045)
Cash and Cash Equivalents, January 1	189,574	1,451,876	4,115,916
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 127,662	\$ 682,966	\$ 2,722,871
Current Cash and Cash Equivalents	127,662	682,966	2,722,871
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 127,662	\$ 682,966	\$ 2,722,871
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (19,124)	\$ (2,601,696)	\$ (4,999,488)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	95,576	-	244,505
Change in Assets and Liabilities:			
(Increase) decrease in inventories	-	-	(102,421)
(Increase) decrease in receivables	-	(17,149)	6,421
(Increase) decrease in prepaid expenses	-	-	176,927
(Increase) decrease in accounts and other payables	(79,736)	109,993	3,150,579
Increase (decrease) in compensated absences	969	-	(5,485)
Increase (decrease) in other current liabilities	-	-	1,403
TOTAL ADJUSTMENTS	16,809	92,844	3,471,929
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (2,315)	\$ (2,508,852)	\$ (1,527,559)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	(16,643)	(120,965)	(334,396)
TOTAL NON-CASH ACTIVITIES	(16,643)	(120,965)	(334,396)

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
TRUST FUNDS
DECEMBER 31, 2009**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 121,586	\$ 64,905	\$ 80,031	\$ 128,238	\$ 394,760
Investments					
Agency Bonds	1,024,276	17,902,319	4,589,359	28,464,831	51,980,785
Interest receivable	12	103,925	-	245,696	349,633
TOTAL ASSETS	\$ 1,145,874	\$ 18,071,149	\$ 4,669,390	\$ 28,838,765	\$ 52,725,178
LIABILITIES					
Accounts payable	\$ 583	\$ 7,475	\$ -	\$ 7,269	\$ 15,327
Due to Other Governmental Units	3		210	-	213
TOTAL LIABILITIES	\$ 586	\$ 7,475	\$ 210	\$ 7,269	\$ 15,540
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 1,145,288	\$ 18,063,674	\$ 4,669,180	\$ 28,831,496	\$ 52,709,638

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2009**

	665 OTHER AGENCY FUND	TOTAL AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ 165,424	\$ 165,424
Accounts receivable - net	16,962	16,962
Due from Other Governmental Units	944,425	944,425
TOTAL ASSETS	\$ 1,126,811	\$ 1,126,811
LIABILITIES		
Accounts payable	\$ 948,922	\$ 948,922
Other current liabilities	177,889	177,889
TOTAL LIABILITIES	\$ 1,126,811	\$ 1,126,811

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ 64,379	\$ 406,516	\$ 58,566	\$ 373,574	\$ 903,035
State	-	-	144,020	-	144,020
Total contributions	64,379	406,516	202,586	373,574	1,047,055
Investment income					
Interest	141,161	825,877	323,841	1,453,359	2,744,238
Net appreciation (depreciation) in fair value	(74,722)	(397,603)	(188,186)	(796,057)	(1,456,568)
Net investment income	66,439	428,274	135,655	657,302	1,287,670
TOTAL ADDITIONS	130,818	834,790	338,241	1,030,876	2,334,725
DEDUCTIONS:					
Benefits	618,165	1,502,414	870,154	1,621,669	4,612,402
Administrative expense	59	26,314	59	26,274	52,706
TOTAL DEDUCTIONS	618,224	1,528,728	870,213	1,647,943	4,665,108
CHANGE IN NET ASSETS					
Pension benefits	(487,406)		(531,972)		(1,019,378)
Postemployment healthcare benefits		(693,938)		(617,067)	(1,311,005)
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	1,632,694		5,201,152		6,833,846
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		18,757,612		29,448,563	48,206,175
NET ASSETS - ENDING	\$ 1,145,288	\$ 18,063,674	\$ 4,669,180	\$ 28,831,496	\$ 52,709,638

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	BALANCE		ADDITIONS	DEDUCTIONS	BALANCE	
	JANUARY 1, 2009				DECEMBER 31, 2009	
<u>FUND 665 - AGENCY FUNDS</u>						
ASSETS						
Cash and cash equivalents	\$	141,044	\$	2,917,974	\$	2,893,594
Accounts receivable - net		41,751		151,010		175,799
Due from Other Governmental Units		207,488		944,425		207,488
TOTAL ASSETS	\$	390,283	\$	4,013,409	\$	3,276,881
LIABILITIES						
Accounts payable	\$	207,488	\$	3,841,551	\$	3,100,117
Other current liabilities		182,795		224,481		229,387
TOTAL LIABILITIES	\$	390,283	\$	4,066,032	\$	3,329,504

STATISTICAL SECTION OVERVIEW

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

CONTENTS

STAT No.

Financial Trends

Stats 1 - 5

These schedules contain information to assist the reader in understanding how the city's financial position has changed over time.

Revenue Capacity

Stats 6 - 7

These schedules contain information to assist the reader in understanding and assessing the city's most significant local revenue sources; water/sewer service fees and property taxes.

Debt Capacity

Stats 8 - 12

These schedules present information to assist the reader in understanding and assessing the affordability of the city's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

Stats 13 - 15

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the city's financial activities take place.

Operating Information

Stats 16 - 17

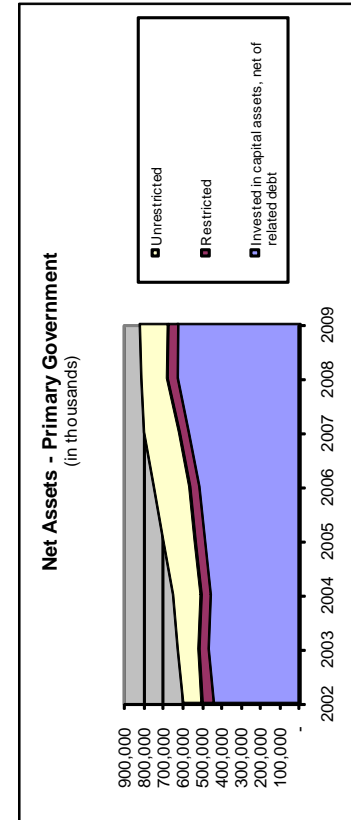
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the city provides and the activities it performs.

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

STAT 01

**NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS**
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities								
Invested in capital assets, net of related debt	\$ 169,533,794	\$ 184,159,844	\$ 191,654,146	\$ 228,673,168	\$ 245,383,110	\$ 258,985,622	\$ 275,153,868	\$ 276,175,060
Restricted	54,931,332	43,013,035	42,771,622	44,056,332	42,928,160	42,707,673	41,472,115	38,886,183
Unrestricted	67,649,023	78,856,838	84,852,118	78,838,473	88,036,357	98,933,848	92,207,372	95,940,505
Total governmental activities net assets	\$ 292,114,149	\$ 306,029,717	\$ 319,277,886	\$ 351,567,973	\$ 376,347,627	\$ 400,627,143	\$ 408,833,355	\$ 411,001,748
Business-type activities								
Invested in capital assets, net of related debt	\$ 279,022,259	\$ 291,463,746	\$ 273,143,609	\$ 265,441,844	\$ 278,234,596	\$ 318,744,209	\$ 359,012,990	\$ 355,349,336
Restricted	3,481,597	4,624,762	4,192,232	4,504,533	4,244,055	3,563,986	10,664,591	11,482,570
Unrestricted	27,553,850	28,469,270	58,427,537	84,348,066	96,116,653	82,681,069	41,146,246	49,442,120
Total business-type activities net assets	\$ 310,057,706	\$ 324,557,778	\$ 335,763,378	\$ 354,294,443	\$ 378,595,304	\$ 404,989,264	\$ 410,823,827	\$ 416,274,026
Primary Government								
Invested in capital assets, net of related debt	\$ 448,556,053	\$ 475,623,590	\$ 464,797,755	\$ 494,115,012	\$ 523,617,706	\$ 577,729,831	\$ 634,166,858	\$ 631,524,396
Restricted	58,412,929	47,637,797	46,963,854	48,560,865	47,172,215	46,271,659	52,136,706	50,368,753
Unrestricted	95,202,873	107,326,108	143,279,655	163,186,539	184,153,010	181,614,917	133,353,618	145,382,625
Total primary government net assets	\$ 602,171,855	\$ 630,587,495	\$ 655,041,264	\$ 705,862,416	\$ 754,942,931	\$ 805,616,407	\$ 819,657,182	\$ 827,275,774



STAT 02
Page 1 of 3

CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
EXPENSES								
Governmental activities:								
General government services	\$ 15,049,042	\$ 14,766,467	\$ 14,569,892	\$ 15,203,288	\$ 16,192,403	\$ 17,950,379	\$ 20,587,715	\$ 19,829,413
Police	24,134,308	29,186,655	28,935,678	30,882,491	31,636,006	31,839,441	33,871,982	36,488,879
Fire	17,851,734	22,643,888	23,688,138	25,402,766	26,251,618	26,606,763	28,426,321	29,593,441
Engineering & construction services	3,938,690	3,700,137	3,876,492	4,198,930	4,519,461	5,075,607	3,652,585	3,966,652
Transportation	9,728,846	15,492,296	5,584,756	8,782,289	7,230,995	6,529,391	8,972,012	8,557,592
Community services	5,521,925	5,001,110	5,017,547	5,136,497	5,102,700	5,324,631	7,585,711	7,583,871
Library	3,677,597	3,821,389	4,006,888	4,149,550	4,270,231	4,608,397	4,775,110	5,006,773
Culture and recreation	10,230,981	10,530,245	10,709,877	11,290,142	11,474,382	12,338,714	12,552,745	13,280,089
Interest on long-term debt	1,505,858	1,941,964	1,753,789	1,696,360	1,543,492	1,463,898	1,059,120	842,830
Total governmental activities expenses	91,638,981	107,084,151	98,143,057	106,742,313	108,221,288	111,737,221	121,483,301	125,149,540
Business-type activities:								
Water	18,741,315	17,168,687	16,257,037	19,701,810	25,856,113	23,108,675	21,758,842	23,333,429
Sewer	17,195,385	16,033,636	17,368,416	16,883,458	20,720,914	20,182,241	23,713,506	24,534,675
Solid Waste	548,305	711,179	704,600	844,386	648,671	715,465	1,052,565	3,264,327
Parking	204,632	318,954	388,561	290,899	346,166	275,780	305,455	272,951
Transit	13,016,996	13,522,179	13,406,981	15,047,417	15,460,929	17,365,257	20,200,488	24,092,720
Golf	3,122,505	3,065,847	3,764,124	3,881,307	4,053,061	4,049,797	4,287,155	4,577,928
Total business-type activities expenses	52,829,138	50,820,482	51,889,719	56,649,277	67,085,854	65,697,215	71,318,011	80,076,030
Total primary government expenses	\$ 144,468,119	\$ 157,904,633	\$ 150,032,776	\$ 163,391,590	\$ 175,307,142	\$ 177,434,436	\$ 192,801,312	\$ 205,225,570

STAT 02
Page 2 of 3CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES								
Governmental activities:								
Charges for services:								
General government services	\$ 2,370,618	\$ 2,853,479	\$ 3,242,598	\$ 2,401,938	\$ 2,936,104	\$ 2,065,441	\$ 1,819,766	\$ 2,794,057
Police	2,100,690	2,097,735	2,084,229	2,204,376	2,139,460	2,987,408	3,145,022	3,430,409
Fire	520	5,379	57,253	810,115	1,772,953	1,763,028	1,556,855	1,795,325
Engineering & construction services	818,849	977,295	1,036,249	1,311,866	1,221,872	1,278,370	569,772	522,080
Transportation	699,268	634,399	704,585	2,414,007	1,686,520	982,364	780,000	1,206,445
Community services	1,534,353	2,219,973	1,592,688	3,002,883	2,695,132	2,943,652	3,574,416	2,858,248
Library	94,150	89,791	93,948	95,927	101,624	109,525	108,290	122,702
Culture and recreation	1,176,855	1,218,238	1,372,921	1,353,269	748,774	1,502,326	1,641,256	1,738,065
Operating grants and contributions	2,471,724	2,517,034	2,445,425	3,627,851	2,757,760	2,752,220	2,566,494	4,647,504
Capital grants and contributions	11,506,214	7,799,196	6,041,216	26,753,404	11,491,623	5,604,654	11,673,775	6,865,521
Total governmental activities program revenues	22,773,241	20,412,519	18,671,112	43,975,636	27,551,822	21,988,988	27,435,646	25,970,356
Business-type activities:								
Charges for services:								
Water	22,007,355	23,064,309	23,333,846	23,768,937	26,683,309	27,690,993	27,082,959	30,463,819
Sewer	19,120,963	19,975,747	21,760,586	24,569,332	27,529,319	28,246,136	28,007,586	28,522,334
Solid Waste	636,487	639,304	714,962	796,277	816,676	1,099,646	1,443,506	1,802,186
Parking	314,208	344,918	331,155	290,572	310,719	349,912	378,727	374,764
Transit	2,145,196	2,331,060	2,723,614	2,529,018	2,153,335	2,352,649	2,453,835	2,126,900
Golf	2,726,529	2,423,846	3,024,675	3,175,287	3,311,833	3,389,321	3,565,686	3,746,275
Operating grants and contributions	652,874	3,957,162	1,441,596	495,191	3,690,068	616,999	21,182	3,779,924
Capital grants and contributions	3,936,833	6,754,885	4,286,282	4,752,643	7,228,016	6,166,713	2,947,684	5,025,507
Total business-type activities program revenues	51,540,445	59,491,231	57,616,716	60,377,257	71,723,275	69,912,369	65,901,165	75,841,709
Total primary government program revenues	\$ 74,313,686	\$ 79,903,750	\$ 76,287,828	\$ 104,352,893	\$ 99,275,097	\$ 91,901,357	\$ 93,336,811	\$ 101,812,065
Net (expense)/revenue								
Governmental activities	\$ (68,865,740)	\$ (86,671,632)	\$ (79,471,945)	\$ (62,766,677)	\$ (80,669,466)	\$ (89,748,233)	\$ (94,047,655)	\$ (99,179,184)
Business-type activities	(1,288,693)	8,670,749	5,726,997	3,727,980	4,637,421	4,215,154	(5,416,846)	(4,234,321)
Total primary government net expense	\$ (70,154,433)	\$ (78,000,883)	\$ (73,744,948)	\$ (59,038,697)	\$ (76,032,045)	\$ (85,533,079)	\$ (99,464,501)	\$ (103,413,505)

STAT 02
Page 3 of 3

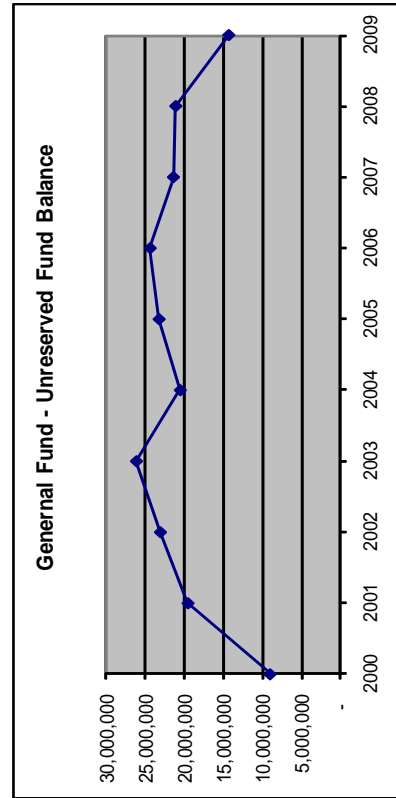
**CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS**
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS								
Governmental activities:								
Taxes								
Property	\$ 28,853,951	\$ 31,432,942	\$ 31,844,597	\$ 32,455,576	\$ 32,845,373	\$ 34,449,729	\$ 35,226,476	\$ 35,659,364
Sales	20,978,018	20,701,917	21,196,166	23,853,300	28,821,916	29,942,458	28,098,324	23,175,042
Business	23,597,204	21,391,498	22,556,024	23,962,279	25,135,371	28,372,875	27,039,132	26,331,273
Other	9,685,034	8,949,007	10,223,623	11,087,943	11,599,557	12,054,689	9,874,918	7,646,792
Miscellaneous	26,308	-	-	-	-	-	-	-
Interest and investment earnings	4,260,244	2,938,030	2,278,421	3,259,336	5,241,290	6,983,803	5,943,180	2,399,689
Special items	-	-	-	-	-	-	(7,439,172)	-
Transfers	(2,169)	1,808,927	2,356,783	2,926,700	2,649,118	2,902,836	3,511,009	6,135,417
Total governmental activities	87,398,590	87,222,321	90,455,614	97,545,134	106,292,625	114,706,390	102,253,867	101,347,577
Business-type activities:								
Taxes								
Sales	6,800,947	6,568,836	6,680,296	15,008,421	17,841,822	18,769,273	17,351,814	14,489,333
Business	92,798	91,448	85,870	85,293	86,340	91,199	90,421	95,784
Other	-	-	-	-	-	-	66,477	173,633
Interest and investment earnings	1,603,725	948,784	1,069,220	1,490,944	4,384,396	6,221,170	4,398,474	1,277,687
Special items	-	-	-	-	-	-	(7,111,395)	-
Transfers	2,169	(1,808,927)	(2,356,783)	(2,926,700)	(2,649,118)	(2,902,836)	(3,511,009)	(6,135,417)
Total business-type activities	8,499,639	5,800,141	5,478,603	13,657,958	19,663,440	22,178,806	11,284,782	9,901,020
Total primary government general revenues & other changes in net assets	\$ 95,898,229	\$ 93,022,462	\$ 95,934,217	\$ 111,203,092	\$ 125,956,065	\$ 136,885,196	\$ 113,538,649	\$ 111,248,597
CHANGE IN NET ASSETS								
Governmental activities	\$ 18,532,850	\$ 550,689	\$ 10,983,669	\$ 34,778,457	\$ 25,623,159	\$ 24,958,157	\$ 8,206,212	\$ 2,168,393
Business-type activities	7,210,946	14,470,890	11,205,600	17,385,938	24,300,861	26,393,960	5,867,936	5,666,699
Total primary government	\$ 25,743,796	\$ 15,021,579	\$ 22,189,269	\$ 52,164,395	\$ 49,924,020	\$ 51,352,117	\$ 14,074,148	\$ 7,835,092

STAT 03

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 168,245	\$ 37,074	\$ -	\$ -	\$ -	\$ -	\$ 2,466,833	\$ 6,124,168	\$ 8,780,168	\$ 9,049,168
Unreserved	9,066,985	19,571,630	23,109,387	26,185,751	20,555,663	23,276,536	24,421,840	21,446,823	21,146,458	14,339,097
Total general fund	\$ 9,225,230	\$ 19,608,704	\$ 23,109,387	\$ 26,185,751	\$ 20,555,663	\$ 23,276,536	\$ 26,888,673	\$ 27,570,991	\$ 29,926,626	\$ 23,388,265
All other governmental funds										
Reserved	\$ 9,730,738	\$ 9,657,961	\$ 10,270,586	\$ 14,280,449	\$ 17,058,384	\$ 10,150,839	\$ 10,237,964	\$ 9,740,084	\$ 9,760,111	\$ 12,205,207
Unreserved, reported in:										
Special revenue funds	78,484,518	82,768,733	76,621,088	58,875,787	65,517,684	66,452,884	72,551,958	77,995,004	76,035,710	81,941,785
Debt service funds	-	-	(474,210)	-	-	960,315	966,965	734,293	503,368	182,572
Capital project funds	15,075,146	9,897,514	4,270,107	4,928,089	4,886,807	4,489,293	3,940,442	4,558,332	36,682	3,001,874
Total all other governmental funds	\$ 103,290,402	\$ 102,324,208	\$ 90,687,571	\$ 78,084,325	\$ 87,462,875	\$ 82,053,331	\$ 87,697,329	\$ 93,027,713	\$ 86,335,871	\$ 97,331,438



STAT 04

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Taxes (see STAT 05)	\$ 72,840,702	\$ 77,587,373	\$ 77,735,821	\$ 76,754,724	\$ 74,186,937	\$ 77,537,823	\$ 85,244,591	\$ 92,174,648	\$ 94,728,334	\$ 86,129,512
Licenses and permits	1,312,420	1,073,906	1,387,496	1,836,164	1,363,214	2,263,589	2,121,016	2,404,535	2,117,954	2,030,987
Intergovernmental revenues	17,385,736	18,902,106	17,642,581	14,096,660	11,899,873	15,943,844	12,522,348	13,194,127	19,124,730	16,533,833
Charges for services	8,007,456	5,370,392	6,203,031	6,411,722	7,014,837	10,943,164	10,169,950	10,973,480	11,111,058	11,617,508
Fines and forfeits	1,494,408	1,399,355	1,463,585	1,472,338	1,258,933	1,082,262	1,215,375	1,596,034	2,010,649	2,113,788
Other revenues	14,812,387	11,013,971	7,564,318	6,035,646	7,224,485	7,274,923	7,889,015	9,254,256	7,908,417	4,890,542
Total revenues	115,853,109	115,347,103	111,996,832	106,607,254	102,948,279	115,045,605	119,162,295	129,597,080	137,001,142	123,316,170
EXPENDITURES										
General government services	\$ 15,336,442	\$ 13,914,153	\$ 15,004,853	\$ 16,238,229	\$ 16,178,836	\$ 17,108,942	\$ 17,696,422	\$ 20,812,764	\$ 23,071,766	\$ 21,371,527
Security of persons and property	40,346,010	44,641,849	44,050,649	46,000,907	47,384,766	48,607,621	51,569,472	55,671,979	59,663,391	63,228,588
Physical environment	2,373,212	2,561,855	2,776,089	2,484,345	2,836,653	3,124,140	3,667,253	3,617,227	3,964,226	4,219,145
Transportation	6,079,609	4,024,795	4,772,624	8,194,215	4,118,612	3,730,280	3,787,828	3,781,170	4,601,268	4,157,219
Economic environment	5,305,646	5,622,298	5,359,544	4,924,696	4,915,385	5,171,774	5,206,800	5,471,561	6,132,699	5,966,209
Mental and physical health	92,238	102,452	107,837	111,747	113,362	22,239	21,233	18,138	23,324	36,022
Culture and recreation	11,743,736	12,965,664	13,065,566	13,312,655	12,349,808	12,233,496	12,830,215	13,944,937	14,163,816	15,000,541
Capital outlay	20,341,244	40,383,418	32,569,980	37,070,612	11,271,438	21,646,777	14,518,453	18,188,980	34,648,395	18,115,409
Debt service:										
Principal	4,811,352	4,362,027	3,924,217	5,919,217	3,188,691	7,248,691	3,972,689	3,957,634	2,546,517	5,361,799
Interest	1,728,133	1,705,439	1,611,878	2,041,841	1,774,059	1,765,365	1,949,970	1,833,568	1,427,968	1,076,646
Other debt service costs*	-	-	57,165	254,058	50,024	67,274	64,360	50,610	48,255	50,179
Total expenditures	108,157,622	130,283,950	123,300,402	136,552,522	104,181,634	120,726,579	115,284,695	127,348,568	150,291,625	138,583,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,695,487	(14,936,847)	(11,303,570)	(29,945,268)	(1,233,355)	(5,680,974)	3,877,600	2,248,512	(13,290,483)	(15,267,114)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	103,431	13,250,000	2,750,000	15,091,666	-	-	250,000	-	-	-
Refunding debt issued	-	-	-	4,347,336	-	-	-	-	-	-
Payments to debt escrow agent	-	-	-	(4,180,000)	-	-	-	-	-	-
Disposition of capital assets	24,350	100,018	359,785	2,568,678	91,604	190,039	2,838,549	831,352	561,174	1,596,399
Transfers in	27,398,976	16,130,889	15,408,419	20,934,219	17,477,554	20,672,022	20,038,282	26,135,599	26,879,530	21,575,867
Transfers out	(28,027,570)	(16,058,726)	(15,350,588)	(18,876,740)	(14,851,842)	(17,869,758)	(17,748,295)	(23,202,762)	(23,349,132)	(17,140,074)
Total other financing sources (uses)	(500,813)	13,422,181	3,167,616	19,885,159	2,717,316	2,992,303	5,378,536	3,764,189	4,091,572	6,032,192
Special items	-	-	-	-	-	-	-	-	4,862,704	13,692,128
NET CHANGE IN FUND BALANCES	7,194,674	(1,514,666)	(8,135,954)	(10,060,109)	1,483,961	(2,688,671)	9,256,136	6,012,701	(4,336,207)	4,457,206
Debt service as percentage of noncapital expenditures	7.45%	6.75%	6.02%	7.86%	5.43%	8.92%	5.88%	5.35%	3.46%	5.33%

* Prior to 2002, "other debt services costs" are included in the "interest" line item.

Note: Per GASB Statement 44, "capital expenditures are calculated by subtracting the following from total expenditures: a) capital outlay (to the extent capitalized for the government-wide statement of net assets) and b) expenditures for capitalized assets contained within the functional expenditure categories." For the years 1997 - 2001, prior to the implementation of GASB Statement 34, the amount used for capital expenditures to calculate the "debt service as a percentage of noncapital expenditures" is total capital outlay for that year. For the years after 2001, the city has the information available to perform the calculation as described.

STAT 05

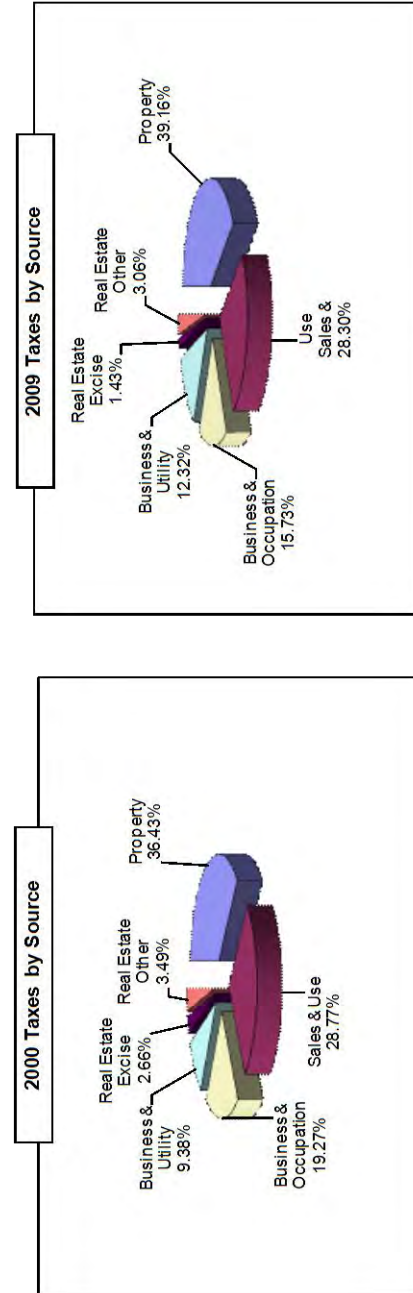
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property *	Sales & Use **	Hotel/Motel	Business & Occupation	Admissions	Utility	Cable Franchise	Leasehold	Real Estate Excise	Gambling	Other	Total
2000	27,242,772	21,509,731	260,758	14,408,432	262,030	7,010,964	603,132	285,953	1,986,292	1,176,719	21,241	74,768,024
2001	31,322,146	20,998,046	220,649	14,692,885	259,830	8,162,074	479,192	295,505	2,865,566	1,357,405	19,586	80,672,894
2002	30,428,185	20,774,017	204,002	13,527,972	277,892	8,986,279	805,062	300,248	2,368,234	1,611,858	26,308	79,310,057
2003	31,291,685	20,531,835	170,081	11,784,140	244,463	8,648,400	714,494	323,776	2,575,285	1,560,965	24,365	77,869,489
2004	31,946,435	21,005,089	191,078	11,774,281	885,120	9,117,957	778,665	322,623	4,019,630	1,481,562	14,040	81,536,480
2005	32,305,646	23,656,034	197,265	12,906,327	699,159	9,530,447	826,345	331,897	4,675,867	1,477,929	12,462	86,619,378
2006	32,814,005	28,539,628	282,287	14,179,240	274,116	9,782,357	899,657	334,665	5,560,950	940,967	15,337	93,623,209
2007	34,447,362	29,585,849	356,609	16,526,109	349,274	10,464,456	1,033,036	427,173	5,217,137	1,106,534	23,686	99,537,225
2008	35,210,826	27,750,976	347,349	14,724,356	374,911	10,764,479	1,175,386	377,387	2,946,714	1,030,587	25,364	94,728,335
2009	34,589,626	22,901,940	273,102	14,163,851	374,554	10,615,049	1,177,820	386,088	1,227,773	398,649	21,060	86,129,512
% Change												
2000 - 2009	26.97%	6.47%	4.73%	-1.70%	42.94%	51.41%	95.28%	35.02%	-38.19%	-66.12%	-0.85%	15.20%

* Includes property tax recorded in General Government funds plus property tax recorded directly to the Police and Fire Pension Funds.

For 2007, the property tax recorded directly in the Pension Funds totaled \$7,362,576. For 2008, the amount was zero.

** Includes regular sales and use tax, natural gas use tax, and timber harvest tax.



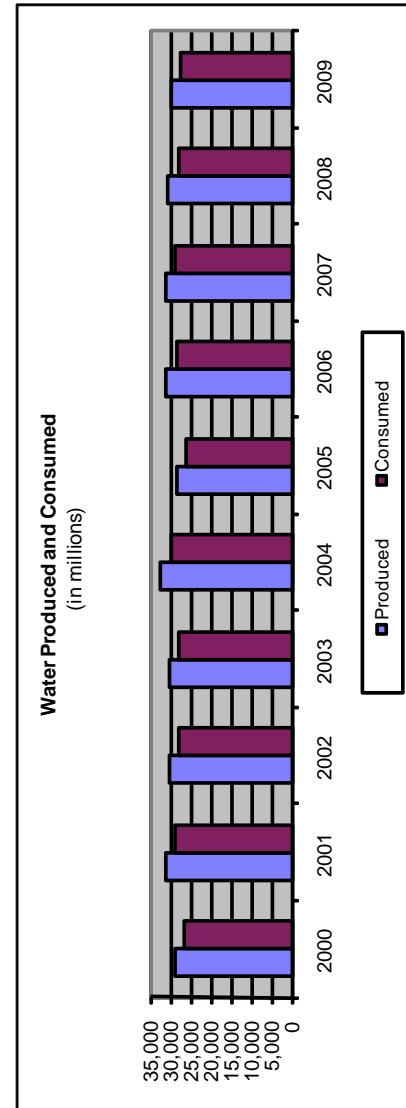
The graphs above combine Hotel/Motel, Admissions, Cable Franchise, Leasehold, Gambling, and Other taxes into the "Other" category.

STAT 6a

**WATER PRODUCED AND CONSUMED
and WASTEWATER TREATED
LAST TEN FISCAL YEARS**

Year	(units in millions)					Total Direct Rates			
	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Water		Sewer	
						Base Rate ¹	Usage Rate	Base Rate	Usage Rate
2000	29,012	26,691	2,321	8.00%	5,988	10.26	1.71	25.65	2.85
2001	31,166	28,673	2,493	8.00%	6,521	10.26	1.71	25.65	2.85
2002	30,190	27,775	2,415	8.00%	6,039	10.26	1.71	25.65	2.85
2003	30,236	27,817	2,419	8.00%	5,581	10.26	1.71	28.15	3.13
2004	32,417	29,824	2,593	8.00%	6,184	10.26	1.71	30.65	3.41
2005	28,432	26,157	2,275	8.00%	6,818	10.26	1.71	34.15	3.79
2006	30,927	28,453	2,474	8.00%	7,000	11.25	1.87	38.40	4.27
2007	31,287	28,785	2,502	8.00%	6,513	11.82	1.97	38.40	4.27
2008	30,470	28,031	2,439	8.00%	6,805	13.20	2.20	40.30	4.48
2009	29,894	27,503	2,391	8.00%	6,706	14.10	2.35	42.40	4.71

¹ Rate shown is for 3/4" meters (most common meter for single family households). See STAT 6d for other meter sizes and rates.



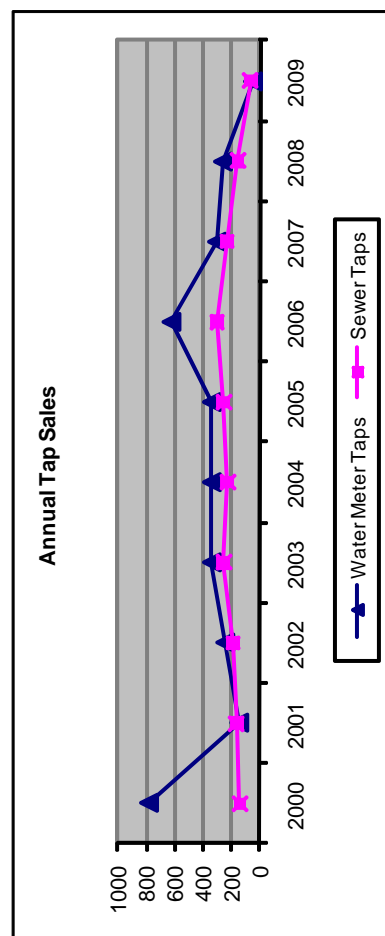
Source: City of Everett Water/Sewer Utility Department

STAT 6b

ANNUAL TAP SALES LAST TEN FISCAL YEARS

Year	Water Meter Taps		Sewer Taps		Total Taps
	Sold *		Sold		
2000	788		142		930
2001	151		166		317
2002	250		190		440
2003	344		256		600
2004	344		228		572
2005	344		257		601
2006	630		305		935
2007	308		233		541
2008	266		155		421
2009	54		67		121

* Some of these taps may have been acquired through annexation.



Notes: The large increase in water meter taps in 2000 and 2006 were due to higher than normal growth those years. The City saw a dramatic decline in both water and sewer tap sales due to the struggling economy in 2009.

Source: City of Everett Water/Sewer Utility Department

STAT 6c

**NUMBER OF WATER AND SEWER CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS**

WATER						SEWER					
Year	Residential	Commercial	Industrial	Other	Total	Year	Residential	Commercial	Industrial	Other	Total
2000	20,888	2,478	54	309	23,729	2000	19,406	1,703	40	118	21,267
2001	21,140	2,509	54	291	23,994	2001	19,547	1,709	40	120	21,416
2002	21,265	2,562	53	304	24,184	2002	19,630	1,718	39	120	21,507
2003	21,681	2,649	55	318	24,703	2003	19,821	1,731	40	115	21,707
2004	21,737	2,645	56	254	24,692	2004	20,025	1,745	40	115	21,925
2005	22,135	2,739	55	279	25,208	2005	20,477	1,780	41	123	22,421
2006	22,727	2,712	52	292	25,783	2006	20,990	1,794	40	126	22,950
2007	22,884	3,019	50	312	26,265	2007	21,148	1,808	37	128	23,121
2008	22,891	2,807	52	319	26,069	2008	21,170	1,823	38	128	23,159
2009	22,906	2,825	50	332	26,113	2009	21,223	1,822	36	130	23,211

Source: City of Everett Water/Sewer Utility Department

STAT 6d

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WATER RATES										
Base rate (meter size)										
Flat rate	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$17.10	\$18.75	\$19.70	\$22.00	\$22.00
3/4"	10.26	10.26	10.26	10.26	10.26	10.26	11.25	11.82	13.20	14.10
1"	17.10	17.10	17.10	17.10	17.10	17.10	18.75	19.70	22.00	22.00
2"	20.52	20.52	20.52	20.52	20.52	20.52	22.50	23.64	26.40	28.20
Over 2"	27.36	27.36	27.36	27.36	27.36	27.36	30.00	31.52	35.20	37.60
Usage rate (per CCF)	\$1.71	\$1.71	\$1.71	\$1.71	\$1.71	\$1.71	\$1.87	\$1.97	\$2.20	\$2.35
SEWER RATES										
Flat rate	\$25.65	\$25.65	\$25.65	\$28.15	\$30.65	\$34.15	\$38.40	\$38.40	\$40.30	\$42.40
Usage rate (per CCF)	2.85	2.85	2.85	3.13	3.41	3.79	4.27	4.27	4.48	4.71

Source: City of Everett Water/Sewer Utility Department

STAT 6e

**LARGEST WATER and SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Customer	2009 Water Revenue			2000 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 11,486,826	1	39.93%	\$ 9,216,571	1	44.06%
Alderwood Water District	9,717,524	2	33.78%	5,523,449	2	26.40%
Lake Stevens PUD	1,858,727	3	6.46%	826,406		3.95%
Mukilteo Water District	1,510,569	4	5.25%	1,464,413	3	7.00%
Kimberly Clark	1,234,062	5	4.29%	875,983	5	4.19%
City of Marysville	1,222,249		4.25%	828,554		3.96%
City of Monroe	770,909		2.68%	541,339		2.59%
City of Snohomish	288,802		1.00%	104,416		0.50%
Silver Lake Water District	171,050		0.59%	1,084,520	4	5.18%
Subtotal	28,260,718		98.24%	20,465,651		97.83%
Balance from other customers	507,681		1.76%	452,961		2.17%
Grand total	\$ 28,768,399		100.00%	\$ 20,918,612		100.00%

Customer	2009 Sewer Revenue			2000 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 15,392,080	1	73.93%	\$ 15,019,346	1	83.17%
Silver Lake Water District	3,414,351	2	16.40%	1,702,493	2	9.43%
Alderwood Water District	1,409,084	3	6.77%	903,704	3	5.00%
Mukilteo Water District	581,033	4	2.79%	432,318	4	2.39%
Subtotal	20,796,548		99.89%	18,057,861		100.00%
Balance from other customers	23,341		0.11%	-		0.00%
Grand total	\$ 20,819,889		100.00%	\$ 18,057,861		100.00%

Source: City of Everett Water/Sewer Utility Department

STAT 07a

**TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi-Family Property	Other Property	Personal Property	State Assessed Personal Prop.	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²
2000										7,192,099,737	4.143
2001										7,107,344,735	4.215
2002										7,311,759,809	3.723
2003										8,424,812,456	3.723
2004										8,398,860,467	3.801
2005										9,049,119,416	3.598
2006	4,565,991,700	3,214,149,234	1,079,908,157	15,535,800	1,229,414,900	320,767,100	1,017,765,678	145,391,284	(1,880,525,720)	9,708,398,133	3.404
2007	5,904,947,900	3,934,336,830	1,139,574,000	16,245,700	1,444,732,800	380,386,800	1,118,742,337	137,397,479	(2,357,349,744)	11,719,014,102	2.964
2008	6,879,658,100	4,549,691,000	1,295,973,290	16,927,900	1,690,238,700	433,016,500	1,170,313,581	228,700,703	(2,843,078,662)	13,421,441,112	2.643
2009	6,886,380,250	4,995,201,347	1,367,947,800	17,371,700	1,951,536,900	461,792,300	1,451,220,118	224,083,430	(3,093,745,891)	14,261,787,954	2.502

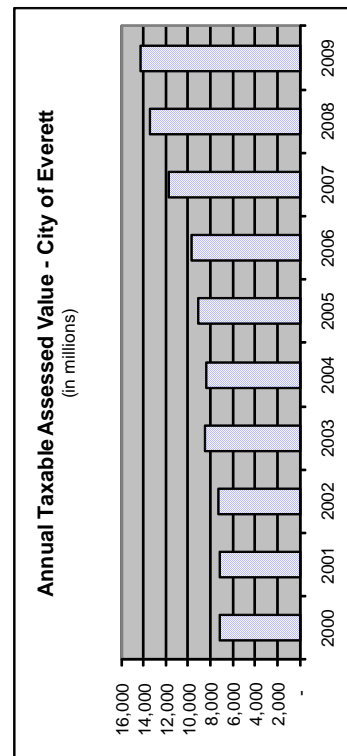
¹ Washington State law requires all property be assessed at 100% of its true and fair market value.

² Tax rates are per \$1,000 of assessed value. Detail of tax rates can be found in Stat 7c.

Notes:

Government Accounting Standards Board Statement 44 "Economic Condition Reporting: The Statistical Section," effective for fiscal years beginning after June 15, 2005, requires the city to present assessed valuation by major category. This information is not readily available prior to 2006, therefore only the total taxable value is presented for the years prior to 2006.

The large increases in total assessed value from 2006 to 2007 and 2007 to 2008 were due in large part to extraordinary growth in property values in 2006 and 2007. The city also experienced strong growth in new construction during the same time period. In addition, the city annexed approximately 249 acres from Snohomish County at the end of 2005. This property was first included in the city's tax roll for the 2007 levy. In 2006, the city annexed just over 22 acres from Snohomish County. This property was first included on the city's tax roll for the 2008 levy.

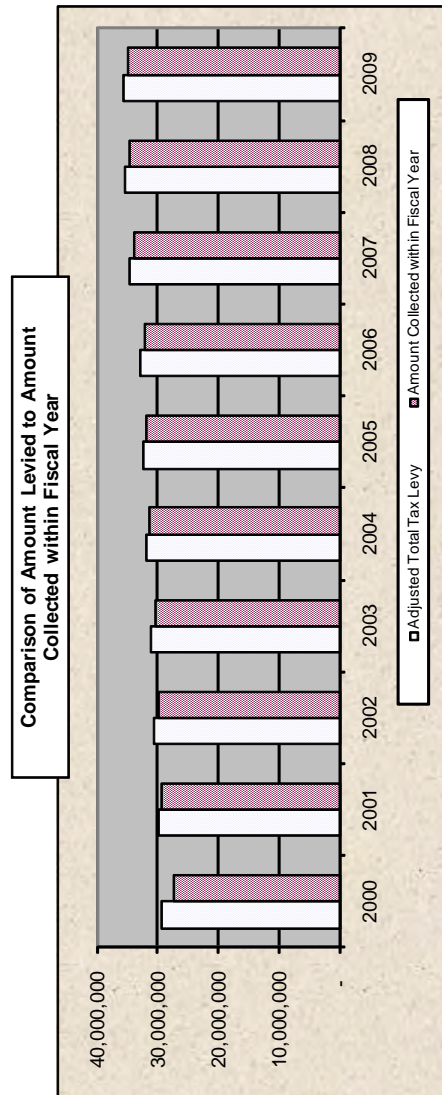


Source: Snohomish County Assessor's Office.

STAT 07b

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Assessor's Certification Adjustments	Adjusted Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2000	29,389,295	(126,426)	29,262,869	27,390,874	93.6%	1,871,753	29,262,627	100.0%
2001	29,985,016	(132,328)	29,852,688	29,184,860	97.8%	666,891	29,851,751	100.0%
2002	30,800,591	(132,989)	30,667,602	29,865,138	97.4%	801,465	30,666,603	100.0%
2003	31,193,866	(140,939)	31,052,926	30,374,645	97.8%	676,644	31,051,289	100.0%
2004	31,919,231	(108,713)	31,810,518	31,227,930	98.2%	579,938	31,807,868	100.0%
2005	32,474,466	(49,920)	32,424,546	31,741,124	97.9%	679,349	32,420,473	100.0%
2006	33,028,740	(250,632)	32,778,108	32,160,647	98.1%	599,008	32,759,655	99.9%
2007	34,712,808	(143,869)	34,568,940	33,814,845	97.8%	587,961	34,402,806	99.5%
2008	35,442,101	(139,580)	35,302,521	34,613,826	98.0%	361,349	34,975,175	99.1%
2009	35,678,786	-	35,678,786	34,804,805	97.6%	-	34,804,805	97.6%



Source: Snohomish County Assessor's Office.

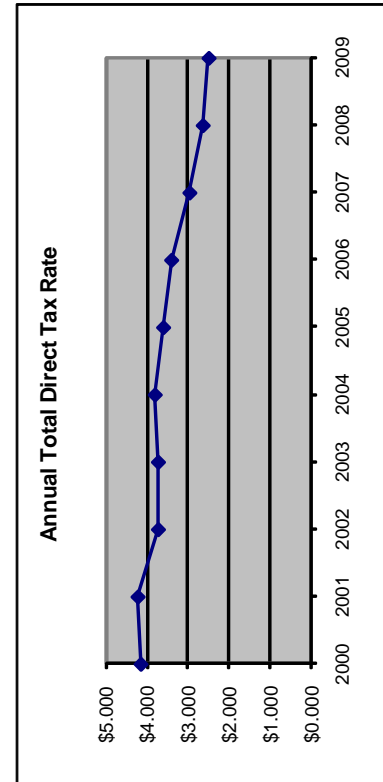
STAT 07c

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City Direct Rates:										
Regular	\$3.600	\$3.600	\$3.207	\$3.207	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197
88 Library Levy Lift	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal-Regular Levy	\$3.600	\$3.600	\$3.207	\$3.207	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197
Emergency Medical	\$0.430	\$0.500	\$0.445	\$0.445	\$0.455	\$0.431	\$0.408	\$0.355	\$0.317	\$0.305
82 G.O. Housing Bond	0.015	0.024	0.015	0.015	0.015	0.014	0.013	0.011	0.010	0.000
88 G.O. Housing Bond	0.098	0.091	0.056	0.056	0.056	0.052	0.049	0.041	0.036	0.000
City Total	\$4.143	\$4.215	\$3.723	\$3.723	\$3.801	\$3.598	\$3.404	\$2.964	\$2.643	\$2.502
Overlapping Taxes:										
County	\$1.485	\$1.476	\$1.367	\$1.367	\$1.209	\$1.098	\$0.999	\$0.840	\$0.723	\$0.717
State School	3.498	3.400	3.184	3.184	2.953	2.789	2.532	2.165	1.906	1.909
Local School	6.080	6.019	5.502	5.502	5.699	5.015	4.733	4.349	4.000	4.128
Port of Everett	0.419	0.419	0.377	0.377	0.377	0.353	0.330	0.310	0.276	0.267
Grand Total	\$15.625	\$15.529	\$14.153	\$14.153	\$14.039	\$12.853	\$11.998	\$10.628	\$9.548	\$9.523



Source: Snohomish County Assessor's Office.

STAT 07d

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	2009				2000			
		Taxable Assessed Valuation (AV) ¹	Rank	% of Total City Taxable AV		Taxable Assessed Valuation (AV) ²	Rank	% of Total City Taxable AV	
The Boeing Company	Aerospace	\$ 1,575,491,229	1	11.05%		\$ 1,527,750,931	1	21.27%	
Kimberly-Clark Corporation	Pulp and Paper	202,287,700	2	1.42%		167,591,472	3	2.33%	
Verizon	Telecommunications	151,994,314	3	1.07%		209,496,944	2	2.92%	
Fluke Electronics Corp	Electronics	92,748,999	4	0.65%		88,609,240	4	1.23%	
Steadfast Properties & Dev	Development	65,599,500	5	0.46%					
Stockpot Inc	Food Manufacturing	57,541,083	6	0.40%					
Millington Apartments LLC	Apartments	55,604,900	7	0.39%					
Stephanus Paul	Development	43,420,000	8	0.30%					
Columbia Cascade Plaza Inc.	General Retail	41,900,700	9	0.29%					
Fred Meyer Stores Inc	General Retail	40,014,100	10	0.28%					
Providence General Medical Ctr	Medical					49,901,550	6	0.69%	
Skotland Development	Development					42,599,500	7	0.59%	
Intermec Corp.	Bar code readers					51,192,308	5	0.71%	
Titanic Associates	Everett Mall					39,194,172	8	0.55%	
CSR West	Concrete Products					38,254,300	9	0.53%	
Puget Sound Energy	Utility					29,539,796	10	0.41%	
		<u>\$ 2,326,602,525</u>		<u>16.31%</u>		<u>\$ 2,244,130,213</u>		<u>31.24%</u>	

¹ 2009 total assessed value - \$14,261,787,954² 2000 total assessed - \$7,183,305,670

Source: Snohomish County Assessor's Office

STAT 08

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Year	Government Type Activities							Business Type Activities							Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	General Obligation Bonds	Public Works Trust Fund Loans	Special Assessment Bonds	Certificate of Participation Bonds	Notes Payable	Interlocal Agreement	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans	Notes Payable	Capital Lease						
2000	22,715,000	1,667,452	620,000	5,440,000	-	732,354	11,600,000	39,485,000	7,780,256	366,880	-	90,406,942	0.49%	988			
2001	32,485,000	1,786,947	245,000	4,880,000	-	680,043	11,220,000	34,985,000	9,610,783	344,667	-	96,237,440	0.50%	1,003			
2002	35,670,000	2,425,041	180,000	-	-	627,732	13,765,000	31,085,000	12,785,421	320,127	-	96,858,321	0.49%	1,008			
2003	45,025,000	2,313,135	90,000	-	-	575,421	13,275,000	68,695,000	14,791,559	293,018	-	145,058,133	0.72%	1,519			
2004	42,130,000	2,161,755	-	-	-	523,110	14,760,000	64,530,000	16,654,044	263,070	-	141,021,979	0.67%	1,456			
2005	35,085,000	2,010,376	-	-	7,892,000	470,799	9,220,000	95,280,000	25,448,770	227,102	-	175,634,047	0.83%	1,801			
2006	32,210,000	2,108,997	-	-	6,998,002	418,488	8,655,000	90,900,000	31,219,933	193,463	31,840	172,735,723	0.79%	1,709			
2007	29,335,000	2,308,169	-	-	6,134,684	366,177	1,255,000	86,315,000	37,131,146	153,088	361,812	163,360,076	0.64%	1,605			
2008	28,000,000	1,774,987	-	-	5,142,483	313,866	-	82,550,000	41,999,500	108,461	203,455	160,092,752	0.58%	1,565			
2009	28,000,000	1,607,983	-	-	-	261,555	-	115,920,000	39,305,473	4,154,023	85,634	189,334,668	0.69%	1,851			

¹ See Stat 13 for personal income data (as noted in Stat 13, personal income data is for all of Snohomish County).

² See Stat 13 for population data.

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

STAT 09

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Year	General Obligation Bonds ¹	Percentage of Taxable Assessed Value ²	Per Capita ³
2000	34,315,000	0.48%	375
2001	43,705,000	0.61%	455
2002	49,435,000	0.68%	515
2003	58,300,000	0.69%	611
2004	56,890,000	0.68%	587
2005	44,305,000	0.49%	454
2006	40,865,000	0.42%	404
2007	30,590,000	0.26%	300
2008	28,000,000	0.21%	274
2009	28,000,000	0.20%	271

¹ Details regarding the city's outstanding debt can be found in the notes to the financial statements.

² See Stat 07a for property value data.

³ See Stat 13 for population data.

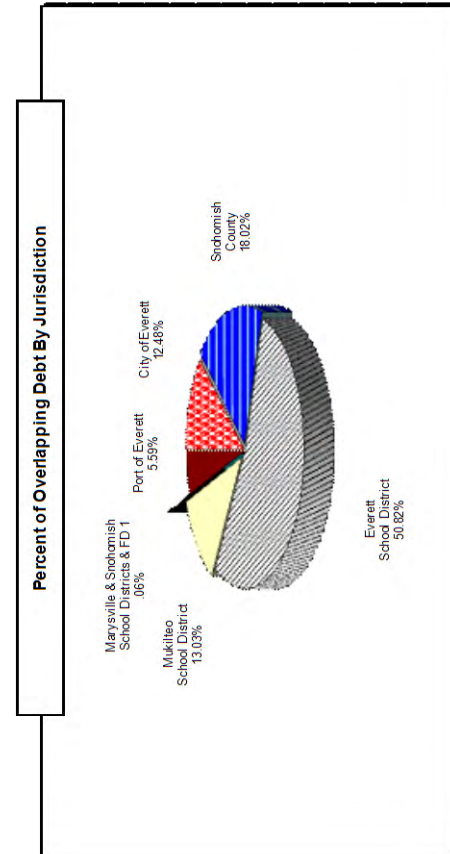
STAT 10

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 346,965,330	13.98%	\$ 48,521,076
Everett School District No. 2	274,080,000	51.45%	141,009,048
Mukilteo School District No. 6	80,072,852	36.86%	29,499,773
Snohomish School District No. 201	231,700,000	0.01%	31,947
Marysville School District No. 25	111,590,000	0.03%	33,025
Fire District 1	7,445,000	1.79%	133,189
Port of Everett	14,780,000	80.17%	11,849,466
Other debt			
Snohomish County - Assessment Debt	765,000	13.98%	106,981
Port of Everett - Notes Payable	2,001,555	80.17%	1,604,693
Subtotal, overlapping debt			232,789,198
City direct debt			29,869,538
Total direct and overlapping debt			\$ 262,658,736

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources: Assessed value used to estimate applicable percentages was provided by the Snohomish County Assessor's Office. Debt outstanding provided by each government unit



STAT 11

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

	Non-voted debt limit (1.5% of assessed value)	Voted debt limit (1.0% of assessed value)
Assessed Value	14,261,787,954	14,261,787,954
Debt limit	213,926,819	142,617,880
Debt applicable to limit:		
Total general obligation debt	29,869,538	0
Less: Amount set aside for repayment of GO debt	0	0
Total net debt applicable to limit	29,869,538	0
Legal debt margin	184,057,281	142,617,880

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Non-voted debt limit *	107,881,496	106,610,171	109,676,397	126,372,187	125,982,907	135,736,791	145,625,972	175,785,212	201,321,617	213,926,819
Total net debt applicable to limit	32,528,559	42,231,285	44,087,241	53,776,486	55,839,886	52,447,266	48,942,479	38,379,941	35,231,336	29,869,538
Legal debt margin	75,352,937	64,378,886	65,589,156	72,595,701	70,143,021	83,289,525	96,683,493	137,405,271	166,090,281	184,057,281
Total net debt applicable to the limit as a % of debt limit	30.15%	39.61%	40.20%	42.55%	44.32%	38.64%	33.61%	21.83%	17.50%	13.96%
Voted debt limit *	71,920,997	71,073,447	73,117,598	84,248,124	83,988,605	90,491,194	97,083,981	117,190,141	134,214,411	142,617,880
Total net debt applicable to limit	4,030,769	3,388,374	2,718,289	2,469,330	2,024,442	1,540,449	1,030,917	490,618	0	0
Legal debt margin	67,890,228	67,685,073	70,399,309	81,778,794	81,964,163	88,950,745	96,053,064	116,699,523	134,214,411	142,617,880
Total net debt applicable to the limit as a % of debt limit	5.60%	4.77%	3.72%	2.93%	2.41%	1.70%	1.06%	0.42%	0.00%	0.00%

* The assessed values for the current tax year information is used for the debt limit calculation.

STAT 12

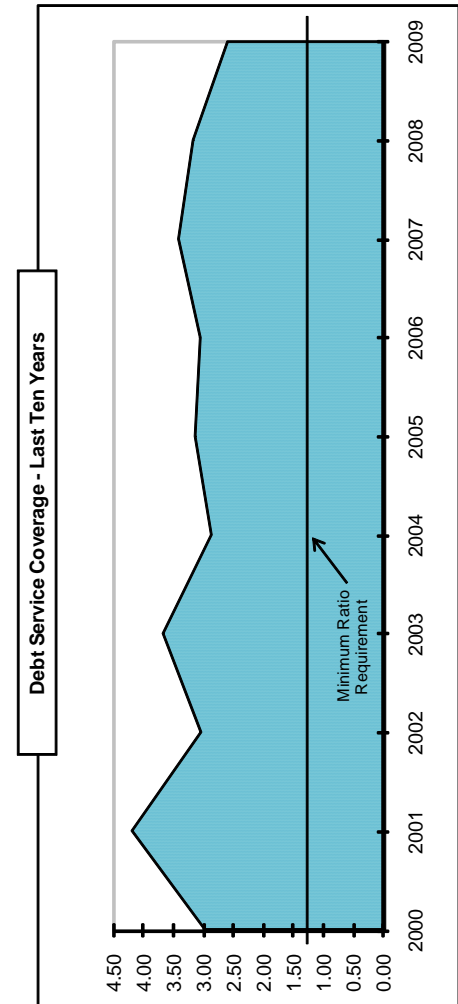
**PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

SEWER AND WATER REVENUE BONDS

YEAR	UTILITY SERVICE CHARGES ¹	OPERATING EXPENSES ²	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL PRINCIPAL & INTEREST	COVERAGE RATIO
2000	43,500,054	24,308,050	19,192,004	4,245,000	2,091,112	6,336,112	2.99
2001	47,184,253	22,458,132	24,726,121	4,500,000	1,912,478	6,412,478	4.20
2002	42,894,689	24,904,768	17,989,921	4,170,000	1,717,260	5,887,260	3.06
2003	44,438,798	23,673,061	20,765,737	4,185,000	1,450,210	5,635,210	3.68
2004	46,475,689	25,309,741	21,165,948	4,195,000	3,146,164	7,341,164	2.88
2005	49,942,521	26,898,167	23,044,354	4,250,000	3,058,214	7,308,214	3.15
2006	58,371,096	30,105,007	28,266,089	4,380,000	4,837,494	9,217,494	3.07
2007	61,744,008	30,917,051	30,826,957	4,585,000	4,406,208	8,991,208	3.43
2008	59,186,417	33,983,025	25,203,391	3,765,000	4,143,708	7,908,708	3.19
2009	60,830,248	33,138,037	27,692,211	6,615,000	3,981,716	10,596,716	2.61

¹ Total operating and noncapital revenues, and operating assessment receipts.

² Operating expenses exclusive of depreciation plus non-bond interest.



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DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City of Everett Population ⁽¹⁾	Personal Income ⁽²⁾ (thousands of dollars)	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
2000	91,488	18,514,578	30,393	4.1%	34.7	17,285
2001	95,990	19,415,682	31,178	6.7%	34.8	18,184
2002	96,070	19,899,982	31,495	6.8%	35.0	18,096
2003	95,470	20,154,472	31,856	7.7%	35.2	18,083
2004	96,840	21,322,871	33,285	5.1%	35.4	18,093
2005	97,500	22,746,131	34,963	4.8%	35.6	17,893
2006	101,100	24,666,204	37,115	4.5%	35.7	18,786
2007	101,800	27,179,614	40,302	4.1%	35.8	18,838
2008	102,300	27,410,640 *	40,644 *	5.1%	35.8	18,935
2009	103,500	27,643,630 *	40,989 *	10.3%	35.8	19,083

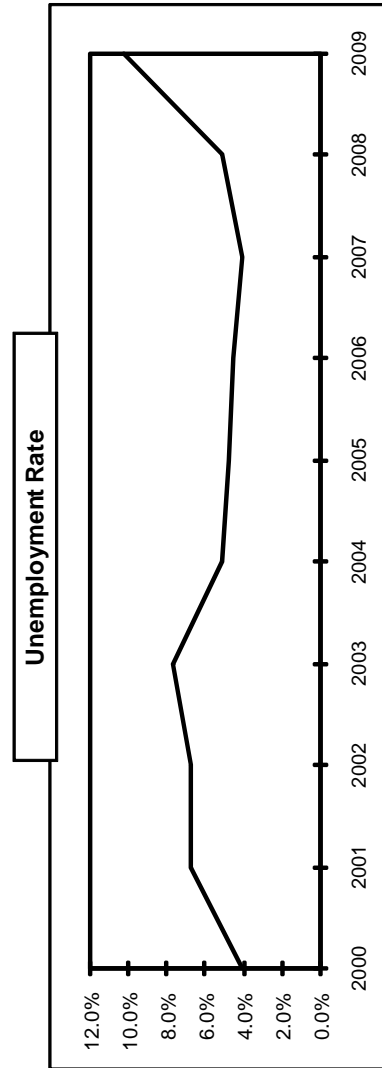
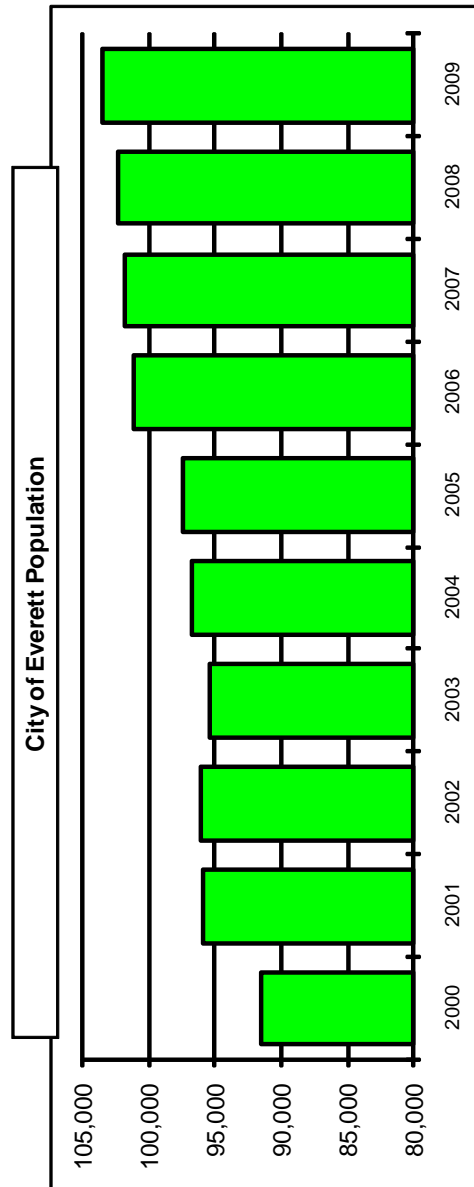
Sources:

- (1) Washington State Office of Financial Management, Forecasting Division.
- (2) United States Bureau of Economic Analysis. Figures are for all of Snohomish County.
- (3) Washington State Employment Security Department. Figures are for all of Snohomish County.
- (4) Washington State Office of Financial Management, Forecasting Division. Figures are for Snohomish County.
- (5) Office of Superintendent of Public Instruction, Washington State Report Card.

* City calculated estimates.

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DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



STAT 14

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO**

	2009				2005			
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment	
Employer								
The Boeing Company	32,000	1	36.36%		23,000	1	28.75%	
Naval Station Everett	6,000	2	6.82%		6,110	2	7.64%	
Providence General Medical Center	3,200	3	3.64%		3,239	3	4.05%	
Snohomish County Government	2,965	4	3.37%		2,653	5	3.32%	
State of Washington	2,800	5	3.18%		3,100	4	3.88%	
The Everett Clinic	1,900	6	2.16%		1,252	10	1.57%	
Everett School District	1,700	7	1.93%		2,000	6	2.50%	
Verizon Northwest	1,500	8	1.70%		1,600	8	2.00%	
Aviation Technical Services	1,400	9	1.59%		1,400	9	1.75%	
Zumiez	1,400	10	1.59%		1,760	7	2.20%	
	<u>54,865</u>		<u>62.35%</u>		<u>46,114</u>		<u>57.64%</u>	

Note: Eventually this schedule will present the current year and nine years prior. The nine year prior information is not readily available and therefore not presented. 2005 will be presented until the nine years are reached.

Source: City of Everett Budget Document.

STAT 15

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	Full-time equivalent employees as of December 31 *									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General government services	134.3	138.6	137.6	135.7	122.9	136.9	137.4	140.5	145.5	147.7
Police	215.6	217.6	217.6	222.0	220.0	220.0	220.0	240.0	242.0	246.0
Fire/EMS	176.0	184.0	185.0	189.0	189.0	190.0	191.0	192.0	191.8	190.8
Engineering & construction services	55.5	56.0	59.0	51.0	48.0	50.8	51.8	52.8	52.2	52.2
Transportation	32.8	32.8	32.8	29.8	24.5	24.5	24.6	24.6	26.6	26.6
Community services	52.0	51.5	51.5	47.5	42.0	39.0	40.0	43.0	44.0	46.0
Library	44.5	45.9	45.9	45.4	42.2	42.2	42.2	43.0	43.0	43.0
Culture and recreation	64.5	65.0	65.0	65.0	53.1	55.1	55.1	58.1	61.1	61.1
Total FTEs governmental activities ¹	775.2	791.4	794.4	785.4	741.7	758.5	762.1	794.0	806.2	813.4
Business-Type Activities:										
Water/Sewer	170.7	171.4	168.4	171.4	179.9	182.9	186.9	196.9	200.9	213.9
Solid waste	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Transit	96.4	96.3	96.2	101.3	110.7	117.7	125.0	131.0	135.6	143.6
Golf	12.5	12.5	12.5	12.5	10.0	10.0	10.0	8.0	8.0	8.0
Total FTEs business-type activities ²	280.2	280.8	277.7	285.8	301.2	311.2	322.5	336.5	345.1	366.1
Internal Service:										
Motor vehicle department	26.3	26.3	26.3	26.3	26.3	26.3	26.0	26.0	26.0	26.0
Telecommunications	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Total FTEs Internal services	28.3	28.3	28.3	28.3	28.3	28.3	28.0	29.0	29.0	29.0
Total City FTEs	1,083.7	1,100.5	1,100.4	1,099.5	1,071.2	1,098.0	1,112.6	1,159.5	1,180.3	1,208.5
Annual percent change total city		1.55%	-0.01%	-0.08%	-2.57%	2.50%	1.33%	4.22%	1.79%	2.39%

* Total ending authorized positions per the city's budget.

Note: The costs associated with internal service fund employees are divided between governmental and business-type activities in the government-wide statements.

Comments:

¹ The city reduced general government staff from 2002 - 2004 through both attrition and layoffs due to a struggling local economy. In 2005, the Facilities department (included in general government services) took over management of the Everett Station, formally managed by an outside company, adding 10 FTEs. In 2007, the Police department added 20 employees to increase pro-active policing and traffic enforcement. Also in 2007, the Animal Shelter (included in community services) added 6 employees to meet increasing demands for service.

² The Transit department has added several employees over the last few years to cover expanded services after the passage of an increase in the voter approved transit tax from .3% to .6% in late 2004.

Source: City Budget Department

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OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	Estimate 2009
General government services						
Municipal Court						
Total filings (infraction, parking, criminal)	28,688	25,230	24,800	32,130	40,742	43,529
Finance						
Active business license accounts	8,954	8,408	9,295	8,480	9,100	10,000
Public information requests	475	444	539	471	534	550
Police						
Case Reports Written	n/a	26,826	28,866	30,165	27,560	25,821
Traffic violations	6,255	7,474	6,408	8,409	10,799	10,291
Parking violations	19,432	14,546	15,819	15,604	23,922	27,000
Auto thefts	1,586	1,586	1,506	1,850	1,175	678
Financial crimes investigated	619	1,252	1,397	1,386	1,527	1,530
Computer forensics	32	32	40	22	23	33
Fire/EMS						
Fire/EMS alarm totals	16,841	17,195	18,468	18,775	18,203	18,381
Structure fires	118	114	142	118	87	92
Mobile vehicle/property fires	109	109	115	79	65	82
Outdoor and other fires	209	149	136	230	225	210
Inspections	4,000	4,700	4,708	4,055	3,519	1,556
Engineering & construction services						
Permits issued	5,400	5,500	6,400	7,100	5,100	4,500
Inspections	11,200	11,400	13,600	15,200	14,000	12,000
Transportation						
Street patching/paving (in sq ft)	179,998	242,030	212,860	214,680	464,219	255,312
Curbs and gutters replaced (in lineal ft)	4,972	4,984	18,460	4,807	2,755	5,000
Sidewalk/streets replaced (in sq ft)	95,120	90,082	69,578	77,856	69,353	89,000

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Page 2 of 3

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	Estimate 2009
Community services						
Planning						
Code enforcement actions	1,195	1,312	1,328	1,028	1,200	1,800
Senior Center						
Senior meal program attendance	27,507	25,967	23,838	24,296	23,968	22,626
Animal Services						
Adoptions	2,109	2,372	2,470	2,464	2,037	1,995
Owner releases	4,743	4,544	4,439	4,730	3,903	834
Library						
Total number of materials circulated	1,004,380	996,639	948,997	893,455	989,626	1,060,000
Number of reference questions asked	68,182	66,128	66,945	65,949	76,105	72,622
Culture and recreation						
Athletic program participants	30,900	33,400	32,600	34,000	34,500	35,340
Recreational swim participants	75,000	84,100	82,100	85,000	82,000	74,278
Jetty Island visitors	26,142	27,200	28,700	29,500	34,216	47,792
Theater attendance	70,778	68,071	80,433	75,350	81,000	82,500
Water/Sewer						
Water						
New connections	344	344	630	308	155	59
Water main breaks	45	29	18	16	32	21
Average daily consumption (mgd) - finished water	51.1	50.8	55.5	52.9	52.4	54.4
Peak daily consumption (mgd) - finished water	99.3	90.3	110.0	102.2	94.5	115.0
Treated water delivered (mg)	18,201	16,872	19,026	19,332	19,193	19,850
Untreated water delivered (mg)	11,622	9,285	9,427	9,778	10,061	10,044
Water customers served by system	495,000	505,000	516,000	528,000	551,000	557,000
Sewer						
Average daily sewage treated (mg)	17	19	19	18	19	18
Sewage treated (mg)	6,184	6,818	7,000	6,513	6,805	6,706
Number of sanitary sewer customers within city	21,658	22,162	22,670	22,822	23,159	23,211

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Page 3 of 3

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	Estimate 2009
Parking (Everpark Garage)						
Average monthly parkers	443	405	381	456	495	480
Average daily parkers	553	429	428	422	410	518
Transit						
Fixed route unlinked passenger trips (per svc hr)	21.0	21.0	21.0	21.4	22.5	21.2
Paratransit unlinked passenger trips (per svc hr)	2.7	2.7	2.7	2.4	2.5	2.5
Total fixed route miles	1,069,837	1,093,744	1,265,534	1,442,420	1,378,016	1,455,668
Fixed route passengers	1,927,339	1,957,478	2,112,866	2,228,193	2,517,200	2,495,005
Paratransit passengers	89,695	91,366	95,169	103,302	111,674	108,952
Golf						
Total rounds at Walter E. Hall course	57,916	65,971	67,224	62,440	66,372	67,328
Total rounds at Legion Memorial course	52,139	56,162	59,531	58,732	62,287	63,429

Note: Information prior to 2004 is not readily available and therefore not presented. Over time this schedule will include ten years of information.

Sources: Various city departments and the City Budget.

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Page 1 of 2

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009
Police						
Police stations	2	2	2	2	2	2
Police vehicles	141	145	144	157	144	169
Harbor patrol boats	3	3	3	3	3	3
Fire/EMS						
Fire stations	7	7	7	7	6	6
Fire engines (pumpers)	10	11	11	11	11	11
Aerial ladder trucks	3	3	3	3	2	2
Emergency Medical Units	7	7	9	9	9	9
Transportation						
Paved streets (in miles)	319	314	314	321	321	321
Other Improved streets (in miles)	28	28	28	28	28	28
Signalized intersections	159	161	164	169	172	177
Street lights	6,231	6,425	6,550	6,606	6,648	6,691
Community services						
Animal shelter	1	1	1	1	1	1
Senior center	1	1	1	1	1	1
Library						
Branches	2	2	2	2	2	2
Bookmobile	1	1	1	1	1	1
Culture and recreation						
Number of parks/playgrounds	39	58	58	58	48	48
Total acreage owned/managed by City	1,210	1,213	1,213	1,213	1,600	1,600
Public swimming pool	1	1	1	1	1	1

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Page 2 of 2

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009
Water/Sewer						
Water						
Water mains (miles)	453	465	468	473	480	480
Fire hydrants	2,764	2,875	2,956	3,045	3,091	3,119
Water storage capacity (within city)(in mg)	85	85	85	85	85	85
Sewer						
Sanitary sewers (miles)	310	317	322	326	330	330
Storm sewers (miles)	225	231	243	246	254	254
Treatment capacity (mgd)	31	31	31	31	36	36
Parking						
Everpark parking garage	1	1	1	1	1	1
Transit						
Number of Buses	40	40	46	49	49	49
Number of Paratransit vehicles	18	18	18	24	22	22
Transit stations	1	1	2	2	3	3
Golf						
Municipal golf courses	2	2	2	2	2	2

Note: Information prior to 2004 is not readily available and therefore not presented. Over time this schedule will include ten years of information.

Sources: Various city departments and the City Budget.



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SCHEDULE 16
(Page 1 of 3)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
US Dept of HUD		Comm Development Block Grants/Entitlement Grants	14.218			332,339	
US Dept of HUD		Comm Development Block Grants/Entitlement Grants	14.218	Program Income		521,299	Note 3a
US Dept of HUD		Comm Development Block Grants/Entitlement Grants	14.218			651,819	
US Dept of HUD		Comm Development Block Grants/Entitlement Grants	14.218			9,911	
		Subtotal			0	1,515,368	1,515,368
US Dept of HUD	Snohomish County	Home Investment Partnership Prog	14.239		2,134,422		
US Dept of HUD	Snohomish County	Home Investment Partnership Prog	14.239	Program Income	173,162		Note 3a
		Subtotal			2,307,584	0	2,307,584
US Dept of Justice	Snohomish County	Edward Byrne Memorial Formula Grant Program (RNTI)	16.579	F97-374-017	59,210		59,210
US Dept of Justice	WA Dept of Commerce	Violence Against Women Formula Grant (STOP Grant)	16.588	F07-31103-069	74,366		74,366
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant 07	16.738	2007-DJ-BX-0742		27,621	
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant 07	16.738	Program Income		2,042	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant 08	16.738	2008-DJ-BX-0269		23,386	
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant 08	16.738	Program Income		251	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant 09	16.738	2009-DJ-BX-0938		29,631	
		Subtotal			0	82,931	82,931
US DOT	WA DOT	Highway Planning and Construction	20.205	Railroad Track Relocation (Low)	21,571		
US DOT	WA DOT	Highway Planning and Construction	20.205	41st St Interchange	591,890		
US DOT	WA DOT	Highway Planning and Construction	20.205	Henry M Jackson FED	174		
US DOT	WA DOT	Highway Planning and Construction	20.205	112th Street Corridor Completion	54,935		
US DOT	WA DOT	Highway Planning and Construction	20.205	East Everett Ped Walkway (Rt)	10,889		
US DOT	WA DOT	Highway Planning and Construction	20.205	East Marine View Drive, N. Br	2,196,229		
US DOT	WA DOT	Highway Planning and Construction	20.205	36th St. Railroad Crossing Clo	872		
US DOT	WA DOT	Highway Planning and Construction	20.205	36th St/BNSF Rail Line Non-M	41,146		
US DOT	WA DOT	Highway Planning and Construction	20.205	W Marine View Dr Non-Motori	19,366		
US DOT	WA DOT	Highway Planning and Construction	20.205	W Marine View Dr Ped & Bicy	536,021		
US DOT	WA DOT	ARRA - Highway Planning and Construction	20.205	Holly Drive Non-Motorized IMP	522,239		
US DOT	WA DOT	Highway Planning and Construction	20.205	SR 99/Evergreen Wy BRT Tra	24,056		
		Subtotal			4,019,388	0	4,019,388
US DOT		Federal Transit Capital Investment Grant	20.500	WA-04-0013		140,962	140,962
US DOT		ARRA - Federal Transit-Formula Grants	20.507	WA-96-0018		951,376	
US DOT		Federal Transit-Formula Grants	20.507	WA-90-X285		1,730	
US DOT		Federal Transit-Formula Grants	20.507	WA-90-X301		80	
US DOT		Federal Transit-Formula Grants	20.507	WA-90-0436		1,969,815	
US DOT		Federal Transit-Formula Grants	20.507	WA-90-0446		1,351,213	
		Subtotal			0	4,274,214	4,274,214
US DOT	WA Traffic Safety Comm.	Alcohol Impaired Driving Countermeasures Incentive	20.601		2,570		2,570

SCHEDULE 16
(Page 2 of 3)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
Homeland Security	Seattle Police Department	Urban Area Security Initiative	97.008		28,289		28,289
US Coast Guard	Washington State	Boating Safety Financial Assistance	97.012		29,277		29,277
Homeland Security	Washington State	Disaster Grants - Public Assistance	97.036		12,132		12,132
Homeland Security	Washington State	Disaster Grants - Public Assistance	97.036		132,558		132,558
Homeland Security	Washington State	Disaster Grants - Public Assistance	97.036		19,704		19,704
		Subtotal			164,394	0	164,394
Homeland Security	Washington State	Emergency Mgt Performance Grant	97.042	EMPG E09-257	14,654		14,654
Homeland Security	Washington State	Emergency Mgt Performance Grant	97.042	E08-307	33,028		33,028
		Subtotal			47,682	0	47,682
Homeland Security	Washington State	Homeland Security Grant Program	97.067	E09-181	36,093		36,093
Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E08-098	15,286		15,286
		Subtotal			51,379	0	51,379
Homeland Security	Seattle Police Department	Homeland Security Grant Program (UASI)	97.106		76,230		76,230
					6,860,369	6,013,475	12,873,844

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

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
For The Year Ended December 31, 2009

SCHEDULE 16
(Page 3 of 3)

GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	OTHER IDENTIFICATION NUMBER	CURRENT YEAR EXPENDITURES
WA State Transportation Improvement Board:		
Broadway & Beverly Blvd Intersection; SR526 to Spokane	8-1-138(032)-1	416,060
112 th St SE, Silver Lake Rd to SR 527	9-P-138(013)-1	82,402
<u>Total WA State Transportation Improvement Board</u>		<u>498,462</u>
WA State Department of Transportation:		
7th Avenue Ped & Bicycle Safety Project - 2006 Ped & BSP	HLP-PB06(015)	17,285
Commuter Trip Reduction Implementation	GCA-5396	49,881
2007-2009 Rural Mobility and Paratransit/Special Needs	GCA-5507	403,068
Project 2007-B-RMG-011	GCA 5258	769,456
Swift BRT N Terminal at Everett Station	GCA 6116	1,050,651
Evergreen Swift Stations and TSP	GCA 6129	392,057
Paratransit/Special Needs Transit Formula	GCA 6161	172,206
Commuter Trip Reduction	GCA 6252	7,402
<u>Total WA State Department of Transportation</u>		<u>2,862,006</u>
WA State Traffic Safety Commission		
School Zone Equipment Grant	N/A	22,400
<u>Total WA State Traffic Safety Commission</u>		<u>22,400</u>
WA State Dept of Commerce		
GMA Competitive Grant	C08-63200-413	12,500
Senior Center Expansion and Upgrade	08-96105-026	72,070
Wtr Drainage and Filtering Facilities - Snohomish Riverfront	S10-97101-001	114,334
<u>Total WA State Dept of Commerce</u>		<u>198,904</u>
WA State Military Dept		
Storm Assistance Grant		22,093
Storm Assistance Grant		3,284
<u>Total WA State Military Dept</u>		<u>25,377</u>
WA State Department of Ecology:		
Stormwater Management Imp. Grant Program	G0900038	63,108
Solid Waste and Financial Assistance	C0900	4,130
State Building Construction Account	G1000088	200,000
Water Quality Program/Stormwater Grants	G0800295	68,930
Marshlands Subarea Plan	G0800312	25,728
Local Toxics Control Account	G0200083	78,535
Coordinated Prevention	G0600250	91,957
CPG Off-set Cycle Grant	G0700174	23,207
<u>Total WA State Department of Ecology</u>		<u>555,595</u>
WA State Library		
Continuing Education Grant	N/A	1,963
<u>Total WA State Library</u>		<u>1,963</u>
WA State Parks & Recreation		
Safer Boating Grant	N/A	17,290
<u>Total WA State Park & Rec</u>		<u>17,290</u>
WA State Dept of Fish and Wildlife		
Smith Island/Union Slough Dike Breach	G0613898	2,036
<u>Total WA State Department of Fish and Wildlife</u>		<u>2,036</u>
WA State Department of Health:		
BMS Prehospital Participation Grant	N/A	1,726
<u>Total WA State Department of Health</u>		<u>1,726</u>
WA State Department of Criminal Justice (WASPC)		
WA Auto Theft Prevention Authority		
Reg. Sex Offender Verification Program	N/A	104,076
Gang Graffiti & Tagging Abatement Program	N/A	10,000
<u>Total WA State Department of Criminal Justice</u>		<u>114,076</u>
WA State Administrative Office of the Courts (AOC)		
Court Interpreter Service	N/A	4,223
<u>Total WA State AOC</u>		<u>4,223</u>
WA State Auto Theft Prevention Authority (WATPA)		
Auto Theft Task Force Services	N/A	16,700
Auto Theft Prevention Equipment technology Grant	09-ET-WA-TPA-005	33,800
Automated License Plate Reader	08-WA-TPA-007	29,980
<u>Total WATPA</u>		<u>80,480</u>
<u>TOTAL STATE ASSISTANCE</u>		<u>4,384,538</u>
Community Transit	N/A	77,000
<u>TOTAL LOCAL ASSISTANCE</u>		<u>77,000</u>
<u>TOTAL STATE AND LOCAL ASSISTANCE</u>		<u>4,461,538</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the full accrual basis of accounting to account for its grants. Under the full accrual basis, revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal, state or local portion of program costs. Actual program costs, including the City's share, may be more than shown.

NOTE 3 - PROGRAM INCOME

- a) The City has a revolving loan program for low-income housing. Repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants from program income for the year was \$694,461 and is presented in this schedule.
- b) The City earns investment interest on unexpended Edward Byrne Memorial Grant funds. Interest revenue (program income) for the year was \$2,293 and is presented in this schedule.