

The City of Edmonds, Washington  
**Comprehensive Annual Report**  
(For the Year Ended December 31, 2004)



*Courtesy Edmonds Arts Festival*

Gary Haakenson, Mayor

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## CITY OF EDMONDS PUBLIC OFFICIALS

### ELECTED OFFICIALS

Mayor:	Gary Haakenson
Council:	Michael Plunkett, President
	Deanna Dawson
	Peggy Pritchard Olson
	David Orvis
	Richard Marin
	Mauri Moore
	Jeff Wilson

### APPOINTED OFFICIALS

Administrative Services Director:	Dan Clements
Community Services Director:	Stephen Clifton
Development Services Director:	Duane Bowman
Fire Chief:	Tom Tomberg
Human Services Manager:	Debi Humann
Parks & Recreation Director:	Brian McIntosh
Municipal Court Judge:	Jim White
Police Chief:	David Stern
Public Works Director:	Noel Miller

The CAFR may be found online at [www.ci.edmonds.wa.us](http://www.ci.edmonds.wa.us) .

# CITY OF EDMONDS WASHINGTON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended

December 31, 2004

Administrative Services Director  
Dan Clements

PREPARED BY

DEPARTMENT OF FINANCE

Administrative Services Director  
Dan Clements

Assistant Administrative Services Director  
Kathleen Junglov

Accountants  
Scott James  
Debra Sharp

Accounting Technician  
Lori Cress

For comments or questions, contact  
City of Edmonds, Finance Department  
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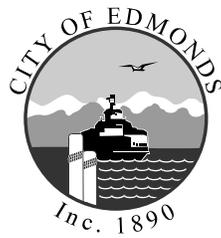
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## City of Edmonds

121 FIFTH AVENUE N. • EDMONDS, WA 98020 • 425-771-0239  
ADMINISTRATIVE SERVICES DEPARTMENT

Gary Haakenson  
Mayor

Dan Clements  
Director

June 16, 2005

Honorable Gary Haakenson, Mayor  
City of Edmonds  
121 Fifth Avenue North  
Edmonds, WA 98020

Reference: Transmittal of 2004 Financial Annual Report

Dear Mayor Haakenson:

This correspondence will formally transmit the City of Edmonds' 2004 Annual Financial Report. This submittal meets the requirements of Washington State Law RCW 43.09.230.

Introduction

The City of Edmonds has prepared its second annual financial report conforming to Governmental Accounting Standards Board (GASB) Statement 34. The introductory section contains information regarding the City's governmental profile and factors affecting the City's financial condition.

**Warranty** Responsibility for the completeness and reliability of all of the information presented in this report rests with the City. To provide a reasonable basis for making these representations, the City 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 GAAP. To the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

**Audit** The City's financial statements have been audited by the Washington State Auditor's office. The audit was conducted under the federal government's Single Audit Act of 1984 (PL 98-502). The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2004 are free of material misstatements. The State Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Edmonds' statements are fairly presented in conformity with GAAP. The State Auditor's report is presented at the first component of the financial section of this report.

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

Governmental Profile

The City of Edmonds, incorporated in 1890, is located in Snohomish County on Puget Sound, 12 miles north of Seattle. Edmonds is the eighteenth largest city in the State, currently occupies a land area of 9 square miles and serves a population of 39,620. The City levies a property tax on both real and personal properties located within its boundaries. It also may extend its corporate limits through annexation.

The City of Edmonds is a non-charter code city operating under a strong mayor-council form of government since 1890. Policy making and legislative authority are vested with a seven member city council. The city council is responsible, among other things, for establishing corporate policy objectives, budget adoption, and confirmation of mayoral appointments. The mayor is responsible for carrying out Council policy directives, overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The mayor and council are elected on a non-partisan basis and serve four year terms.

The City of Edmonds provides a full range of services, including police and fire protections; water, sewer and storm services; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the Administrative Services Director on or before the last Tuesday in August each year. The Administrative Services Director uses these requests as the starting point for developing a proposed budget.

The mayor then presents this proposed budget to the council for review prior to October 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City's fiscal year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

#### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is viewed in the broader perspective of the environment within which the City operates. This section will review major factors that impact Edmonds' fiscal condition.

*Local Economy & Financial Future* Edmonds has nearly 2,000 city-licensed businesses. Finance, insurance, real estate and other service industries comprise over half of all licensed businesses, followed by the retail industry. Major local employers include Stevens Hospital, the City of Edmonds, the Edmonds School District and also specialty private sector companies such as "Rick Steves' Europe through the Back Door".

Because 37% of the total budget's revenues and 73% of the general fund's revenues stem from taxes, economic development efforts are focusing on ways to increase revenues from sales and property taxes. While the rate of property tax to be collected is limited by state initiatives, increases in property values due to high quality development and redevelopment can provide Edmonds with future increases in the amount of property tax collected. Land use policies around the city have begun to be studied and revised to encourage redevelopment, where appropriate, that can add to the city's tax revenues. In 2005, construction will begin on a new 45,000 square foot "Class A" medical office building near Stevens Hospital.

Edmonds is also focusing on encouraging increased local consumer spending. A consultant study produced for the Highway 99 Task Force provided new information on the local retail trade area, and Edmonds' substantial "leakage" in consumer discretionary spending. This leakage can partially be explained by Edmonds' proximity to two other local large shopping centers. However, some categories of discretionary spending still offer excellent opportunities for Edmonds to grow sales tax revenues. The Office of Economic Development is focusing recruitment efforts on some of these areas, and land use policies are being revised to encourage targeted redevelopment of shopping areas. Commercial vacancies are also being monitored and quickly filled in order to maintain a stable and vibrant business environment.

While major economic indicators remained stable in 2004, the city has significant capital improvement program needs that are not being met by existing revenues. Therefore, the city is proactively working to create additional revenue that will enable the city not only to maintain a steady, balanced budget but also to implement our capital improvement program goals.

*Cash Management* Cash temporarily idle during the year was invested in certificates of deposit, obligation of the U.S. Treasury, commercial paper, savings account and the State Treasurer's local government investment pool. The average maturity of the investments was 1.62 years. The average yield on investments was 3.41%. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

*Risk Management* The City of Edmonds has been a member of the Washington Cities' Insurance Authority (WCIA), since May 15, 1985. WCIA was created through RCW 48.62 and RCW 39.34 to provide a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or contracting for risk management services. To date, WCIA has a total of 111 members.

WCIA offers a combination of self-insurance and standard insurance to cover liability and property risks, and provides related risk management services. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police professional, public officials' errors or omissions, stop gap, and employee benefits liability. Additional information regarding the City's insurance coverage can be found in the Notes to the Financial Statements, Note 13.

*Pension* The City and its employees contribute to two mandatory retirement systems managed by the State of Washington. The Public Employees Retirement System (PERS) (Plans 1, 2, and 3) covers all non-uniformed regular employees. The Law Enforcement Officers and Fire Fighters (LEOFF) Retirement System (Plans 1 and 2) covers all uniformed police and fire employees.

The City also administers a closed Firemen's Pension Fund providing benefits for firefighters who retire prior to March 1, 1970 and excess benefits over LEOFF for those retiring after that date if they were numbers of the Plan prior to October 1, 1977. At least biannually, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City has replaced the Federal Social Security Program with a defined contribution, combination savings and insurance program, entitled the Municipal Employees' Benefit Trust. The City contributes to the program at social security tax rates but incurs no unfunded liability since future annuities/payments are based on past contributions and investment earnings.

In addition to providing pension benefits described under "Law Enforcement Officers and Fire Fighters Retirement System" the City provides post-retirement health care benefits in accordance with RCW 41.26.150, to all employees who become eligible after attaining age 50, or become disabled while employed with at least five (5) years of service in the LEOFF I System.

For additional information regarding the City's pension plans refer to the Notes to the Financial Statements, Note 9.

#### Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administrative department. I would like to express my appreciation to: Kathleen Junglov, Scott James, Deb Sharp, and Lori Cress.

The team who produced this document has not only made substantial improvements to the quality and accuracy of our financial statements, they have also successfully completed a major clean-up and up-dating of the entire City's financial system.

Staff would like to express our gratitude to the Mayor and Council for their support, especially with regard to working with the Department during the implementation of “best financial business practices.”

Sincerely,

Dan Clements  
Administrative Services Director

c Richard Marin, Council President  
Edmonds City Council

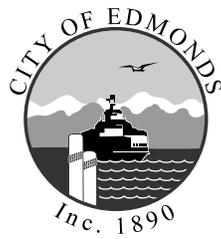
**CITY OF EDMONDS PUBLIC OFFICIALS**

**ELECTED OFFICIALS**

Mayor: Gary Haakenson  
Council: Michael Plunkett, President  
Deanna Dawson  
Richard Marin  
David Orvis  
Peggy Pritchard Olson  
Mauri Moore  
Jeff Wilson

**APPOINTED OFFICIALS**

Administrative Services Director: Dan Clements  
Community Services Director: Stephen Clifton  
Development Services Director: Duane Bowman  
Economic Development Director: Jennifer Gerend  
Fire Chief: Tom Tomberg  
Parks & Recreation Director: Brian McIntosh  
Municipal Court Judge: Jim White  
Police Chief: David Stern  
Public Works Director: Noel Miller



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## FINANCIAL SECTION



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**Brian Sonntag**

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## **INDEPENDENT AUDITOR'S REPORT**

June 16, 2005

Honorable Mayor and City Council  
City of Edmonds  
Edmonds, 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 Edmonds, Snohomish County, Washington, as of and for the year ended December 31, 2004, 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. 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 opinion.

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 City of Edmonds, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 9 through 17 and the pension trust fund information on pages 59 through 60 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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 financial statements and supplemental information on pages through is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements and supplemental 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Edmonds presents this Management's Discussion and Analysis of its financial activities for the fiscal year ended December 31, 2004. This information focuses on significant financial issues, provides an overview of the City's financial activity, highlights significant changes in the City's financial position, and identifies material variances between the approved budget and actual spending. The City encourages readers to consider this information in conjunction with additional information provided in the letter of transmittal.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities by \$89.5 million. Of this amount, \$57.3 million of total net assets is invested in capital assets, such as land, buildings; \$6.7 million is restricted for debt service and capital projects; and \$25.5 million (unrestricted net assets) may be used to meet the government's ongoing activities and obligations.
- The City's total net assets increased by \$4.2 million in 2004. Governmental activities provided \$3.4 million (80%), and business-type activities provided \$800,000 (20%).
- Governmental fund balances at year end were \$16.4 million: a \$1.8 million increase over the prior year. Of this amount, \$16.1 million is unreserved and available to fund ongoing activities. The remaining \$300,000 is reserved for debt service.
- Unreserved fund balance in the General Fund was \$7.6 million, an increase of \$1.2 million from the prior year. This includes a fund balance of \$1.9 million in the rainy day reserve fund to provide for future economic downturns or other unforeseen expenditure needs for general City programs. It represents 31% of total 2004 General Fund expenditures.
- Total City debt increased by a net of \$900,000 during the current fiscal year. Outstanding bonded debt, loans, and long term contracts at year end totaled \$36.9 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. The report also contains other supplementary information. This section will introduce and explain the basic financial statements.

#### Government-wide financial statements

Government-wide financial statements are designed to provide readers a picture of the financial condition and activities of the City of Edmonds as a whole, with a broad overview and in a manner similar to private-sector business. The government-wide financial statements have separate columns for governmental activities, business-type activities, and the City's component unit, the Edmonds Public Facilities District (EPFD). The City's governmental activities include general government (executive, finance, and human resources), security (police and fire), physical environment, economic environment, transportation, health/human services, and culture/recreation.

The City's business-type activities consist of water, wastewater and stormwater utility operations. Government activities are primarily supported by taxes, charges for services, and grants, while business-type activities are self supporting through user fees and charges.

The component unit consists of the Edmonds Public Facilities District (EPFD) which operates the Edmonds Performing Arts Center. Although legally separate, this component unit is important because the City provides financial support and oversight responsibilities connected to the activities of the board.

The **Statement of Net Assets** presents information on all of the City's assets and liabilities, including the Edmonds Public Facilities District component unit, with the difference between the two reported as net assets. This statement is similar to balance sheet of a private sector business. Over time, increases or decreases in net assets may serve as a useful indicator of improvement or deterioration in the City's overall financial position.

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

The government-wide financial statements can be found immediately following the Management Discussion & Analysis.

### **Fund Financial Statements**

The fund financial statements will look familiar to the traditional users of governmental financial statements. However, the focus now is on major funds rather than fund types.

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories of City funds: governmental funds, proprietary funds, and fiduciary funds

**Governmental funds** account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in the governmental funds. These statements, however, focus on cash and other assets that can readily be converted to available resources, as well as any balances remaining at year-end. Such information is useful in determining what financial resources are available in the near future to finance the City's programs.

Readers may better understand the long-term impact of the government's near-term financing decisions by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison.

Information for the three major governmental funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances; information for the non-major funds is presented in the aggregate.

**Proprietary funds** account for services for which the City charges outside customers and internal City departments. Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail, since both use the accrual basis of accounting. Proprietary funds report the same functions presented as business-type activities in the government-wide financial statements.

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

The enterprise fund statements provide information for the City's water, wastewater and stormwater utilities. Enterprise funds of the City are consolidated into one fund for financial statement reporting purposes. The City uses an internal service fund to account for its fleet of vehicles. Because these services largely benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

**Fiduciary funds** account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support City programs. 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 to the financial statements are an integral part of the financial statements. They provide additional disclosures essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

### Required Supplementary Information

This report also contains other required supplementary information on budgetary comparisons for major governmental funds and pension plan funding.

Combining statements for non-major governmental and enterprise funds, as well as the internal service fund, are presented immediately following the required supplementary information on pensions.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Assets

The statement of net assets can serve as a useful indicator of the City's financial position. The City's net assets at December 31, 2004 total \$89.5 million, excluding existing art and transportation infrastructure assets, which are not included in this financial report. Following is a condensed version of the government-wide statement of net assets.

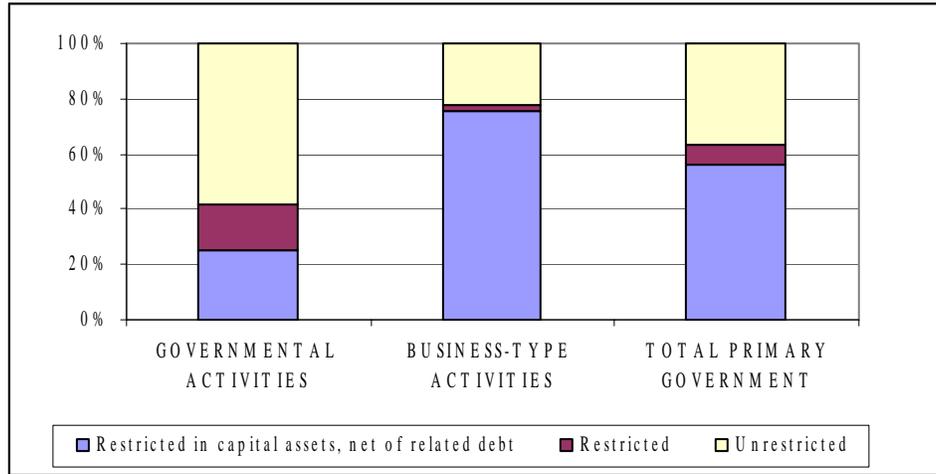
**Figure 1: Condensed Statement of Net Assets**

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL PRIMARY GOVERNMENT</u>	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$25,964,340	\$29,100,473	\$13,899,057	\$13,216,802	\$39,863,397	\$42,317,275
Capital assets (net of accumulated depreciation)	36,971,851	35,620,703	50,826,654	52,444,063	87,798,505	88,064,766
<b>TOTAL ASSETS</b>	<b>62,936,191</b>	<b>64,721,176</b>	<b>64,725,711</b>	<b>65,660,865</b>	<b>127,661,902</b>	<b>130,382,041</b>
Current and other liabilities	1,049,128	1,919,864	662,578	2,165,207	1,711,706	4,085,071
Long-term liabilities	31,106,555	28,160,045	10,405,530	8,598,441	41,512,085	36,758,486
<b>TOTAL LIABILITIES</b>	<b>32,155,683</b>	<b>30,079,909</b>	<b>11,068,108</b>	<b>10,763,648</b>	<b>43,223,791</b>	<b>40,843,557</b>
<b>NET ASSETS</b>						
Restricted in capital assets, net of related debt	1,777,862	15,661,061	38,375,525	41,657,416	40,153,387	57,318,477
Restricted	11,119,246	5,804,684	4,326,736	910,598	15,445,982	6,715,282
Unrestricted	17,883,400	13,175,522	10,955,342	12,329,203	28,838,742	25,504,725
<b>TOTAL NET ASSETS</b>	<b>\$30,780,508</b>	<b>\$34,641,267</b>	<b>\$53,657,603</b>	<b>\$54,897,217</b>	<b>\$84,438,111</b>	<b>\$89,538,484</b>

The largest portion of the City's net assets (64%) reflects investment of \$50.4 million in capital assets such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate these liabilities. Approximately 5% or \$4.6 million of the total net assets of the City are earmarked for construction projects to renovate or improve the City's buildings, parks, street and utilities infrastructure. The remaining balance of net assets is divided among restrictions for debt service payments of \$2 million (2.3% of the total net assets) and unrestricted net assets of \$25.5 million (28.4% of the total net assets). The business-type unrestricted assets of \$12.3 million may only be spent on utilities activities. Other functions of the City may access the governmental unrestricted assets of \$13.1 million to meet ongoing obligations to citizens and creditors. There are no restrictions, commitments, or other limitations that significantly affect the availability of resources for future use.

**Figure 2: Composition of Net Assets**



At the end of the fiscal year, the City of Edmonds reported positive balances in all three categories of net assets, for the government as a whole, as well as for the separate governmental and business-type activities.

**Change in Net Assets**

The following table illustrates the increases or decreases in net assets of the City resulting from operations. The City’s net assets increased approximately \$4.2 million, an indication that the City’s overall financial position has improved. The increase was split between the governmental activities (\$3.4 million) and the business-type activities (\$800,000). Following is a condensed version of the City’s changes in net assets. The graphs that follow compare program revenues to program expenses and illustrate the revenues by source separately for the governmental and business-type activities.

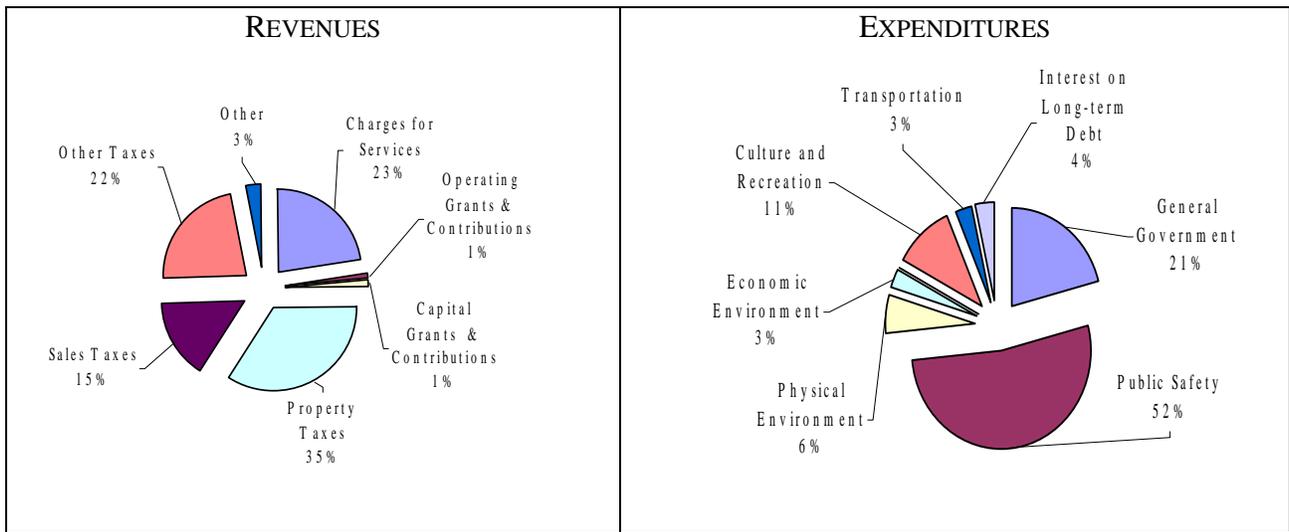
**Figure 3: Changes in Net Assets Resulting from Changes in Revenues and Expenses**

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>		<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>		<u>TOTAL PRIMARY</u> <u>GOVERNMENT</u>	
	2003	2004	2003	2004	2003	2004
<b>Revenues</b>						
<b>Program Revenue:</b>						
Charges for Services	\$7,956,101	\$7,323,858	\$11,398,816	\$11,334,142	\$19,354,917	\$18,658,000
Operating Grants and Contributions	784,940	241,045	40,199	47,067	825,139	288,112
Capital Grants and Contributions	590,001	454,700	496,713	677,797	1,086,714	1,132,497
<b>General Revenues:</b>						
Property Taxes	10,623,848	10,922,324	0	0	10,623,848	10,922,324
Sales Taxes	4,832,004	5,029,012	0	0	4,832,004	5,029,012
Other Taxes	6,785,282	7,367,762	0	0	6,785,282	7,367,762
Other	1,050,778	871,761	381,900	217,131	1,432,678	1,088,892
Total Revenue	32,622,955	32,210,462	12,317,628	12,276,137	44,940,583	44,486,599
<b>Program Expenses</b>						
Governmental Activities						
General Government	8,446,718	6,053,881	0	0	8,446,718	6,053,881
Public Safety	15,727,734	15,184,024	0	0	15,727,734	15,184,024
Physical Environment	1,975,296	1,844,923	0	0	1,975,296	1,844,923
Economic Environment	574,557	880,137	0	0	574,557	880,137
Mental and Physical Health	101,257	8,468	0	0	101,257	8,468
Culture and Recreation	2,887,460	3,108,916	0	0	2,887,460	3,108,916
Transportation	525,077	754,092	0	0	525,077	754,092
Interest on Long-term Debt	1,208,012	1,078,106	0	0	1,208,012	1,078,106
Business-Type Activities						
Combined Utility	0	0	10,609,568	11,346,771	10,609,568	11,346,771
Total Expenses	31,446,111	28,912,547	10,609,568	11,346,771	42,055,679	40,259,318
Excess (Deficiency) Before Transfers	1,176,843	3,297,915	1,708,060	929,366	2,884,903	4,227,281
<b>Transfers</b>	105,285	100,814	(105,285)	(101,112)	0	(298)
Increase in Net Assets	1,282,128	3,398,729	1,602,775	828,254	2,884,903	4,226,983
Net Assets - Beginning of Year	29,514,791	30,780,864	54,444,479	53,657,603	83,959,270	84,438,467
Prior Year Adjustment	(16,412)	461,674	(2,389,651)	411,360	(2,406,063)	873,034
Net Assets - End of Year	\$30,780,507	\$34,641,267	\$53,657,603	\$54,897,217	\$84,438,110	\$89,538,484

Per the Statement of Net Assets, governmental activities net assets increased by \$3.8 million. Overall revenues were down slightly from 2003 levels. An increase in Charges for Services revenue was offset by lower receipts of Operating and Capital Grants and contributions. Significantly lower expenditures resulted in the increase to Net Assets.

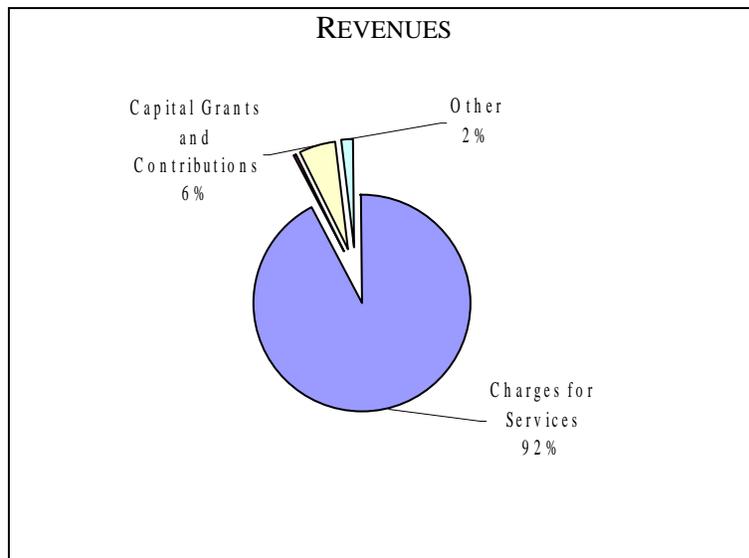
Per the Statement of Changes in Net Assets, the total cost of all governmental activities in 2004 was \$28.9 million. Of this amount, \$8 million was paid for by either those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The net expense (total expenses less program revenues) or \$20.9 million was the cost of governmental services paid primarily by the City's taxpayers.

**Figure 4: General Governmental Activities**



The City’s Utility Fund, the only business-type activity of the city, net assets increased by \$800,000 accounting for 20% of the total growth in the government’s net assets. Although a positive change, it is about half of the 2003 total increase in net assets. Utility revenues remained flat as compared to 2003. Operating costs including personnel services, supplies, professional services and insurance increased about \$600,000 over 2003. Contributing to the increase in net assets was a \$1.5 million increase capital assets.

**Figure 5: Proprietary, or “Business-Type” Activities**



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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term revenues/financial resources and expenditures. This information helps determine the City's financing requirements in the near future. In particular, unreserved fund balance measures the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$16.4 million. Approximately \$16 million (97.6%) of that amount constitutes unreserved fund balance, which is available for discretionary spending. The remainder of the fund balance is reserved; it is committed for various purposes and is not available for new spending.

Revenues for the governmental funds in 2004 were \$32.1 million. Expenditures were \$30.6 million. Other financing sources/uses contributed an additional \$300,000. Overall, the fund balance increased by \$1.8 million for the year.

The General Fund is the chief operating fund of the City through which all receipts and payments of ordinary City operations are processed, unless they are required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2004, the fund balance of the General Fund was \$7.6 million. As a measure of the fund's liquidity, the ending fund balance is 31% of the fund's 2004 expenditures.

### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the City's proprietary funds have been discussed in the City's business-type activities.

## BUDGETARY HIGHLIGHTS

The annual budget is developed to study and review the City's financial direction. It outlines how financial resources will be managed during the fiscal year; the course can be changed through the allocation of resources. Major groups that participate in the budget process are the Mayor, City Council, Department directors, Managers, and interested Edmonds citizens.

Appropriations of operating funds are reviewed and amended as needed by the City Council. During 2004 the budget was amended three times. A number of the amendments involved items to close and consolidate funds. Additionally, due to a change in policy, budgets were recorded for the debt service funds. There were no significant changes to program revenues or expenditures.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that the total revenues exceeded budgeted total revenues by \$465,000. A strong performance in building permits and related activities (permit surcharges, zoning, and plan check fees) is the primary reason for the excess. Expenditures were \$836,846 below budget, mainly due to salary and benefit savings of \$465,000 from vacant positions.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2004 amounts to \$88 million (net of accumulated depreciation).

**Figure 6: Capital Assets at Year End, Net of Depreciation**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$9,913,046	\$1,126,724	\$11,039,770
Buildings	17,474,012	27,088,162	44,562,174
Improvements other than buildings	3,485,004	17,767,290	21,252,294
Machinery and Equipment	2,707,826	187,552	2,895,378
Intangible Assets	0	695,833	695,833
Construction in Progress	2,040,816	5,578,503	7,619,319
	<u>\$35,620,704</u>	<u>\$52,444,064</u>	<u>\$88,064,768</u>

Major capital assets changes during 2004 included the following:

- Completed construction of Fire Station #16
- Completion of Outfall Slip Lining Project
- Design and inspect approximately \$1,500,000 of waterline improvements
- Completion of SR104 Mini-Park Project

Additional information on the City's assets can be found in Note 7 to the financial statements.

### Long Term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$32.3 million and other long term debt of \$4.6 million. The total debt excluding compensated absences and deferred amounts is distributed as follows:

**Figure 7: Long Term Debt**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Obligation Debt	\$23,648,601	\$736,399	\$24,385,000
Special Assessment Debt			
with Government Commitment	620,000	0	620,000
Revenue Bonds	0	7,935,000	7,935,000
Capital Contracts	2,259,463	0	2,259,463
Public Work Trust Fund Loans	321,579	1,415,250	1,736,829
Total Long-term Debt	<u>\$26,849,643</u>	<u>\$10,086,649</u>	<u>\$36,936,292</u>

The City maintains Aa3 ratings from Moody's for its General Obligation Bonds (both voter approved and councilmanic) and Revenue Bonds.

Washington State statutes limit the amount of debt a governmental entity may issue to 7.5% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open

space/park facilities, and 2.5% for utilities. Non-voted general purpose indebtedness is limited to 1.5% of assessed valuation and the combination of voted and non-voted general purpose indebtedness can not exceed 2.5% of assessed valuation.

The City's assessed valuation for determining debt capacity available is \$4.8 billion and the total amount of debt the City may issue is \$361 million. Remaining debt capacity is as follows:

**Figure 8: Debt Capacity Available**

<u>Item</u>	<u>Capacity</u>
General	\$90,836,742
Open Space/Park Facilities	120,482,298
Utilities	120,482,298

Additional information on 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**

The City's 2005 budget is essentially a status quo budget developed to retain current service levels. The adopted budget achieved the Mayor's goal of long-term sustainability. The budget complied with Initiative 747, which limits property tax revenue growth to 1% plus the value of new construction. There were no new taxes or fees. Total General Fund revenues were estimated to increase by .8% over the 2004 Budget as Amended. The cost reductions and conservative budgeting that has taken place in the past three years have placed the City in a more positive position for the next two to three years. As a result, the city was able to include a number of one time expenditures to the General Fund Departmental budgets.

The Combined Utility commissioned a rate study in late 2004. The study completed in early 2005 concluded that no rate increases were required for water or sewer, however a slight increase (.083%) was recommended in the storm water utility. This increase went into effect March 1, 2005.

### **Requests for Information**

The City's financial statements are designed to provide users with a general overview of the City's finances as well as to demonstrate the City's accountability to its citizens, investors, creditors, and other customers. If you have a question about the report, please contact the Finance Director, 121 Fifth Avenue North, City of Edmonds, Washington, WA 98020, (425) 771-0239.



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**STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

	Primary Government			Component Unit
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EDMONDS PUBLIC FACILITIES DISTRICT
<b>ASSETS</b>				
Cash and cash equivalents	\$8,249,814	\$5,277,896	\$13,527,710	\$3,306,948
Investments	9,382,051	5,148,271	14,530,322	0
Taxes receivable	350,743	0	350,743	0
Accounts receivable	979,003	1,218,576	2,197,579	571,589
Special assessments	166,206	0	166,206	0
Interest on investments	71,766	37,788	109,554	0
Due from component unit	60,000	0	60,000	0
Due from other governments	1,800,917	369,611	2,170,528	44,881
Other current assets	48,017	125,159	173,176	0
Deferred issue cost	27,348	148,257	175,605	0
Restricted:				
Cash and cash equivalents	0	691,244	691,244	2,746,727
Investments	0	200,000	200,000	0
Special assessments	719,309	0	719,309	0
Due from component unit - long-term	5,890,000	0	5,890,000	0
Investment in joint venture	1,355,299	0	1,355,299	0
Land	9,913,046	1,126,723	11,039,769	1,619,737
Capital assets (net) (See Note 7)	23,666,842	45,738,837	69,405,679	1,280,263
Construction in progress	2,040,815	5,578,503	7,619,318	2,058,155
<b>TOTAL ASSETS</b>	<b>\$64,721,176</b>	<b>\$65,660,865</b>	<b>\$130,382,041</b>	<b>\$11,628,300</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$437,469	\$531,592	\$969,061	\$52,651
Due to other governmental units	124,717	125,376	250,093	0
Accrued bond interest payable	89,126	25,993	115,119	0
Deferred revenues	3,852	0	3,852	3,760
Customer deposits payable	24,301	19,354	43,655	1,350
Non-current liabilities (See Note 10):				
Due within one year	1,240,399	1,233,830	2,474,229	60,000
Due in more than one year	27,540,045	8,827,503	36,367,548	5,890,000
Special assessment debt with governmental commitment	620,000	0	620,000	0
<b>TOTAL LIABILITIES</b>	<b>\$30,079,909</b>	<b>\$10,763,648</b>	<b>\$40,843,557</b>	<b>\$6,007,761</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$15,661,061	\$41,657,416	\$57,318,477	\$0
Restricted for:				
Capital projects	4,604,324	0	4,604,324	4,352,727
Debt service	1,145,442	891,244	2,036,686	68,268
Tourism	54,918	0	54,918	0
Customer deposits	0	19,354	19,354	1,350
Unrestricted	13,175,522	12,329,203	25,504,725	1,198,194
<b>TOTAL NET ASSETS</b>	<b>\$34,641,267</b>	<b>\$54,897,217</b>	<b>\$89,538,484</b>	<b>\$5,620,539</b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**  
Page 1 of 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government services	\$6,053,881	\$2,439,152	\$0	\$28,450
Public safety	15,184,024	3,290,851	19,903	0
Physical environment	1,844,923	683,330	37,859	0
Economic environment	880,137	0	29,400	0
Mental and physical health	8,468	81,746	2,565	0
Culture and recreation	3,108,916	777,529	142,880	0
Transportation	754,092	51,250	8,438	426,250
Interest on long-term debt	1,078,106	0	0	0
<b>Total governmental activities</b>	<b>28,912,547</b>	<b>7,323,858</b>	<b>241,045</b>	<b>454,700</b>
Business-type activities:				
Combined utility	11,346,771	11,334,141	47,067	677,797
<b>Total business-type activities</b>	<b>11,346,771</b>	<b>11,334,141</b>	<b>47,067</b>	<b>677,797</b>
<b>Total primary government</b>	<b>\$40,259,318</b>	<b>\$18,657,999</b>	<b>\$288,112</b>	<b>\$1,132,497</b>
Component unit:				
Performing Arts Center Operations	164,400	128,847	0	0
Performing Arts Center Renovation	206,452	0	0	2,727,609
Edmonds Public Facilities District	\$370,852	\$128,847	\$0	\$2,727,609

**General Revenues:**  
 Property taxes  
 Sales taxes  
 Utility taxes  
 Fuel taxes  
 Real estate excise taxes  
 Hotel/motel taxes  
 Other taxes  
 Payments from Component Unit  
 Interest and investment earnings  
 Miscellaneous  
 Gain on sale of capital assets  
**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, 2004**  
 Page 2 of 2

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Edmonds Public Facilities District
(\$3,586,279)	\$0	(\$3,586,279)	\$0
(11,873,270)	0	(11,873,270)	0
(1,123,734)	0	(1,123,734)	0
(850,737)	0	(850,737)	0
75,843	0	75,843	0
(2,188,507)	0	(2,188,507)	0
(268,154)	0	(268,154)	0
(1,078,106)	0	(1,078,106)	0
<b>(20,892,944)</b>	<b>0</b>	<b>(20,892,944)</b>	<b>0</b>
0	712,234	712,234	0
<b>0</b>	<b>712,234</b>	<b>712,234</b>	<b>0</b>
<b>(\$20,892,944)</b>	<b>\$712,234</b>	<b>(\$20,180,710)</b>	<b>\$0</b>
			(35,553)
			2,521,157
			<b>\$2,485,604</b>
10,922,324	0	10,922,324	0
5,029,012	0	5,029,012	336,871
3,777,845	0	3,777,845	0
814,978	0	814,978	0
2,367,603	0	2,367,603	0
61,385	0	61,385	0
345,951	0	345,951	0
312,049	0	312,049	0
363,449	217,131	580,580	11,825
131,582	0	131,582	0
64,681	0	64,681	0
100,814	(101,112)	(298)	0
<b>24,291,673</b>	<b>116,019</b>	<b>24,407,692</b>	<b>348,696</b>
3,398,729	828,253	4,226,982	2,834,300
30,780,864	53,657,604	84,438,468	2,786,239
461,674	411,360	873,034	0
<b>\$34,641,267</b>	<b>\$54,897,217</b>	<b>\$89,538,484</b>	<b>\$5,620,539</b>

*The accompanying notes are an integral part of this statement.*

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS AND OTHER DEBITS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$3,345,495	\$3,648,437	\$6,993,932
Change and imprest funds	14,321	0	14,321
Investments	2,943,750	4,688,300	7,632,050
Receivables, net			
Taxes	350,743	0	350,743
Customer accounts	457,014	192	457,206
Assessments	0	166,206	166,206
Interest	35,517	25,777	61,294
Due from other governmental units	7,185,021	565,896	7,750,917
Prepayments	0	339	339
Inventory	297	0	297
Total Current Assets	<u>14,332,158</u>	<u>9,095,147</u>	<u>23,427,305</u>
<b>RESTRICTED ASSETS</b>			
Special assessments - deferred	0	719,309	719,309
Total Restricted Assets	<u>0</u>	<u>719,309</u>	<u>719,309</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$14,332,158</u></b>	<b><u>\$9,814,456</u></b>	<b><u>\$24,146,614</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$216,936	\$187,004	\$403,940
Due to other governmental units	69,981	0	69,981
Custodial accounts	54,736	0	54,736
Deferred revenues	1,290	2,562	3,852
Other current liabilities	19,901	4,400	24,301
Total Current Liabilities	<u>362,844</u>	<u>193,966</u>	<u>556,810</u>
<b>NONCURRENT LIABILITIES</b>			
Deferred revenues	6,322,159	822,732	7,144,891
Total Noncurrent Liabilities	<u>6,322,159</u>	<u>822,732</u>	<u>7,144,891</u>
<b>TOTAL LIABILITIES</b>	<u>6,685,003</u>	<u>1,016,698</u>	<u>7,701,701</u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	0	323,711	323,711
Unreserved, reported in:			
General fund	7,647,155	0	7,647,155
Special revenue funds	0	8,306,278	8,306,278
Capital projects funds	0	167,769	167,769
<b>TOTAL FUND BALANCES</b>	<u>7,647,155</u>	<u>8,797,758</u>	<u>16,444,913</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$14,332,158</u></b>	<b><u>\$9,814,456</u></b>	<b><u>\$24,146,614</u></b>

*The accompanying notes are an integral part of this statement.*

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

Total governmental fund balances		\$16,444,917
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		
		36,976,002
These assets consist of:		
Land	9,913,046	
Construction in Progress	2,040,815	
Investment in joint venture	1,355,299	
Buildings	24,242,417	
Improvements other than buildings	7,957,647	
Machinery and Equipment - General Government	7,923,869	
Less: Accumulated Depreciation	(16,457,091)	
Other long term assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		
		549,049
Court receivable	521,701	
Deferred issue costs	27,348	
Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		
		(22,344,680)
These long-term liabilities consist of:		
General obligation bonds	(23,648,601)	
Special assessment debt with government commitment	(620,000)	
Compensated absences	(2,550,802)	
Capital contracts	(2,259,463)	
Public works trust fund loan	(321,579)	
Accrued interest	(89,126)	
Deferred revenue	7,144,891	
Internal service fund is used by management to charge the costs of equipment rental to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
		3,015,979
Net assets of governmental activities		\$34,641,267

*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, 2004**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes	\$19,178,711	\$2,901,065	\$22,079,776
Licenses and permits	1,501,481	11,487	1,512,968
Intergovernmental revenues	2,081,050	1,310,402	3,391,452
Charges for services	3,089,762	265,615	3,355,377
Fines and forfeits	480,910	32,701	513,611
Other revenues	394,550	889,361	1,283,911
<b>Total revenues</b>	<b>26,726,464</b>	<b>5,410,631</b>	<b>32,137,095</b>
<b>EXPENDITURES</b>			
Current:			
General government services	5,681,976	42,489	5,724,465
Security of persons and property	14,384,957	33,601	14,418,558
Physical environment	935,173	104,940	1,040,113
Transportation	0	1,266,838	1,266,838
Economic environment	853,235	24,581	877,816
Mental and physical health	8,468	0	8,468
Culture and recreation	2,509,870	116,985	2,626,855
Capital outlay	0	1,548,070	1,548,070
Debt service:			
Principal	143,409	1,751,304	1,894,713
Interest	121,027	1,057,347	1,178,374
Other debt service costs	0	254	254
<b>Total Expenditures</b>	<b>24,638,115</b>	<b>5,946,409</b>	<b>30,584,524</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,088,349</b>	<b>(535,778)</b>	<b>1,552,571</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of general long-term debt	0	80,000	80,000
Disposition of capital assets	36,500	0	36,500
Transfers in	370,937	1,787,624	2,158,561
Transfers out	(1,220,872)	(749,806)	(1,970,678)
<b>Total other financing sources (uses)</b>	<b>(813,435)</b>	<b>1,117,818</b>	<b>304,383</b>
Net change in fund balances	1,274,914	582,040	1,856,954
Fund balances - beginning	6,423,112	8,089,467	14,512,579
Prior Period Corrections	(50,933)	126,251	75,318
<b>FUND BALANCES - ENDING</b>	<b>\$7,647,093</b>	<b>\$8,797,758</b>	<b>\$16,444,851</b>

*The accompanying notes are an integral part of this statement.*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balances - total governmental funds	\$1,932,278
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlays plus adjustments exceeded depreciation in the current period.</p>	
	(309,368)
<p>This is comprised of:</p>	
Capital outlays	1,203,611
Current year depreciation	(1,512,979)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	82,986
<p>This is comprised of:</p>	
Deferred tax	(18,117)
Other deferred revenue	21,288
Principal payments received for assessments	(273,271)
Record of court receivable	(33,270)
Prior period correction for 2003 mistatement of fixed assets	386,356
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, yet the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.</p>	
	1,799,665
<p>This is comprised of:</p>	
Payment to refunded bonds escrow agent	(2,279)
Proceeds from Public works trust fund loan	(80,000)
Long-term debt repayments	1,881,944
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
	(80,500)
<p>This is comprised of:</p>	
Accrued interest expense	11,884
Accrued compensating absence expense	(92,384)
<p>Internal service funds are used by management to charge the cost of equipment rental to individual funds. The net revenue (expense) of this internal service fund is reported with governmental activities.</p>	
	435,343
Change in net assets of governmental activities	\$3,860,404

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$19,214,287	\$19,094,290	\$19,178,711	\$84,421
Licenses and Permits	1,051,571	1,171,571	1,501,481	329,910
Intergovernmental Revenues	1,913,623	2,025,585	2,081,050	55,465
Charges for Services	2,883,112	2,902,431	3,089,762	187,331
Fines and Forfeits	500,650	578,650	480,910	(97,740)
Other Revenues	340,922	366,000	394,550	28,550
<b>Total Revenues</b>	<b>25,904,165</b>	<b>26,138,527</b>	<b>26,726,464</b>	<b>587,937</b>
<b>EXPENDITURES</b>				
Current:				
General Government Services	6,099,774	6,044,992	5,681,976	363,016
Security of Persons and Property	14,488,106	14,575,559	14,384,957	190,602
Physical Environment	984,796	984,796	935,173	49,623
Economic Environment	889,108	920,108	853,235	66,873
Mental and Physical Health	10,868	10,868	8,468	2,400
Culture and Recreation	2,561,734	2,605,985	2,509,870	96,115
Capital Outlay	15,000	15,000	0	15,000
Debt Service:				
Principal Retirement	264,850	264,850	143,409	121,441
Interest	300	300	121,027	(120,727)
<b>Total Expenditures</b>	<b>25,314,536</b>	<b>25,422,458</b>	<b>24,638,115</b>	<b>784,344</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>589,629</b>	<b>716,069</b>	<b>2,088,350</b>	<b>1,372,281</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposition of Fixed Assets	0	0	36,500	36,500
Transfers In	162,990	495,361	370,937	(124,424)
Transfers Out	(989,635)	(1,236,874)	(1,220,872)	16,002
<b>Total other financing sources (uses)</b>	<b>(826,645)</b>	<b>(741,513)</b>	<b>(813,435)</b>	<b>(71,922)</b>
Net change in fund balances	(237,016)	(25,444)	1,274,915	1,300,359
Fund Balances - beginning	3,731,682	3,808,592	6,423,112	2,614,520
Prior Period Adjustment	0	0	(50,933)	(50,933)
<b>FUND BALANCES - ENDING</b>	<b>\$3,494,666</b>	<b>\$3,783,148</b>	<b>\$7,647,094</b>	<b>\$3,863,946</b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
DECEMBER 31, 2004**

	<b>BUSINESS TYPE ACTIVITIES - WATER &amp; SEWER UTILITY</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$5,277,896	\$1,241,558
Investments	5,148,271	1,750,000
Receivables, net		
Customer accounts	1,218,576	97
Interest	37,788	10,473
Due from other governments	369,611	0
Inventory	125,158	47,381
Total Current Assets	<u>12,177,300</u>	<u>3,049,509</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	691,244	0
Restricted investments	200,000	0
Intangible assets	700,000	0
Unamortized debt issue costs	148,257	0
Construction in progress	5,578,503	0
Capital assets, net of depreciation (Note 6)	46,165,561	1,513,526
Total Noncurrent Assets	<u>53,483,565</u>	<u>1,513,526</u>
<b>TOTAL ASSETS</b>	<b><u>\$65,660,865</u></b>	<b><u>\$4,563,035</u></b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$531,592	\$33,530
Interest payable	25,993	0
Due to other governments	125,376	0
Current portion of long-term debt (net of unamortized premiums/discounts)	1,233,830	0
Other current liabilities	19,354	0
Total Current Liabilities	<u>1,936,145</u>	<u>33,530</u>
<b>NONCURRENT LIABILITIES</b>		
General obligation bonds payable	708,331	0
Revenue bonds payable (net of unamortized premiums/discounts)	6,552,893	0
Loans payable	1,337,217	0
Compensated Absences	229,062	42,520
Total Noncurrent Liabilities	<u>8,827,503</u>	<u>42,520</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$10,763,648</u></b>	<b><u>\$76,050</u></b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	41,657,416	1,513,526
Restricted for debt service	891,244	0
Restricted for customer deposits	19,354	0
Unrestricted	12,329,203	2,973,459
<b>TOTAL NET ASSETS</b>	<b><u>\$54,897,217</u></b>	<b><u>\$4,486,985</u></b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>BUSINESS TYPE ACTIVITIES -  WATER &amp; SEWER UTILITY</b>	<b>GOVERNMENTAL ACTIVITIES -  INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES:</b>		
Charges for services	\$9,984,543	\$1,286,222
Other operating revenues	1,349,597	1,137
<b>Total Operating Revenues</b>	<b>11,334,140</b>	<b>1,287,359</b>
<b>OPERATING EXPENSES:</b>		
Personnel services	2,973,238	306,413
Supplies	5,649,310	543,929
Professional services	236,173	592
Insurance	270,217	30,009
Depreciation and amortization	1,843,589	287,907
<b>Total Operating Expenses</b>	<b>10,972,527</b>	<b>1,168,850</b>
Operating Income (Loss)	361,613	118,509
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Intergovernmental revenues	47,067	0
Interest and investment revenue	217,131	63,197
Other non-operating revenues	0	19,896
Gain (loss) on sale/retirement of assets	0	28,181
Interest expense	(374,243)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(110,045)</b>	<b>111,274</b>
Income (Loss) Before Contributions and Transfers	251,568	229,783
Capital contributions	677,797	10,100
Transfers in	0	224,980
Transfers out	(101,112)	0
NET INCOME (LOSS)	828,253	464,863
NET EQUITY - BEGINNING	53,657,604	4,051,642
Prior period corrections	411,360	(29,520)
<b>NET EQUITY - ENDING</b>	<b>\$54,897,217</b>	<b>\$4,486,985</b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Page 1 of 2

	<b>BUSINESS -TYPE ACTIVITIES - COMBINED UTILITY FUND</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$11,736,816	\$1,287,262
Payments to suppliers	(5,602,667)	(587,845)
Payments to employees	(3,455,377)	(302,964)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,678,772</b>	<b>396,453</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(101,112)	0
Transfers from other funds	0	224,980
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(101,112)</b>	<b>224,980</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from capital debt	828,538	0
Principal paid on capital debt	(1,219,256)	0
Interest paid on capital debt	(376,495)	0
Receipts from capital grants	47,067	0
Proceeds from sale of capital assets	0	42,711
Capital contributions	677,797	0
Acquisition and construction of capital assets	(3,014,433)	(249,377)
<b>NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES</b>	<b>(3,056,782)</b>	<b>(206,666)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	3,832,431	0
Purchase of investments	(1,200,000)	0
Investment income	265,074	59,798
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>2,897,505</b>	<b>59,798</b>
Net Increase (Decrease) in Cash and Cash Equivalents	2,418,383	474,565
Cash and Cash Equivalents, January 1	3,550,757	766,993
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$5,969,140</b>	<b>\$1,241,558</b>
Current Cash and Cash Equivalents	\$5,277,896	\$1,241,558
Restricted Cash and Cash Equivalents	691,244	0
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$5,969,140</b>	<b>\$1,241,558</b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Page 2 of 2

	BUSINESS -TYPE ACTIVITIES  COMBINED UTILITY FUND	GOVERNMENTAL ACTIVITIES -  INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>		
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$361,613	\$118,509
Adjustments to Reconcile Operating Income to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	1,843,589	287,907
Change in Assets and Liabilities:		
(Increase) decrease in inventories	(6,539)	(7,547)
(Increase) decrease in receivables	372,767	(97)
(Increase) decrease in due from other governments	29,909	0
(Increase) decrease in prepaid expenses	0	0
Increase (decrease) in accounts and other payables	161,864	(5,768)
Increase (decrease) in due to other governments	(84,193)	0
Increase (decrease) in due to funds	(41,723)	0
Increase (decrease) in compensated absences	24,251	3,449
Increase (decrease) in other current liabilities	17,234	0
TOTAL ADJUSTMENTS	2,317,159	277,944
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$2,678,772</b>	<b>\$396,453</b>
 <b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Non-Cash Financing, Capital and Investing Activities:		
Capital assets contributed by other sources	\$0	\$10,100
Increase (decrease) in fair value of investments	(29,063)	(2,500)
TOTAL NON-CASH ACTIVITIES	\$(29,063)	\$7,600

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2004**

	<b>FIREMEN'S PENSION FUNDS</b>
<b>ASSETS AND OTHER DEBITS</b>	
Cash and cash equivalents	\$147,069
Investments	250,234
Accounts receivable - net	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>397,304</b>
 <b>LIABILITIES</b>	
Accounts payable	775
Due to Other Governmental Units	0
Accrued Taxes Payable	0
<b>TOTAL LIABILITIES</b>	<b>775</b>
 <b>NET ASSETS</b>	
Held in trust for pension benefits and other purposes	<b>\$396,529</b>

*The accompanying notes are an integral part of this statement.*

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>FIREMEN'S PENSION FUNDS</b>
<b>ADDITIONS:</b>	
Employer Contribution	
Fire insurance premiums	\$33,452
Investment income	
Interest	6,400
<b>TOTAL ADDITIONS</b>	<b>39,852</b>
<b>DEDUCTIONS:</b>	
Benefits	87,602
Administrative expense	11,325
<b>TOTAL DEDUCTIONS</b>	<b>98,927</b>
<b>CHANGE IN NET ASSETS</b>	<b>(59,075)</b>
<b>NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS</b>	
Employees' pension benefits, January 1	455,604
<b>NET ASSETS - ENDING</b>	<b>\$396,529</b>

*The accompanying notes are an integral part of this statement.*

NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City of Edmonds, which conform to generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), are regulated by the Washington State Auditor's Office. The City's significant accounting policies are described below.

**REPORTING ENTITY**

The City of Edmonds was incorporated in 1890 and operates under a Council/Mayor form of government. The City Council is composed of seven members elected at large who each serve a four-year term. The Mayor is elected at large and serves a four-term. The Mayor is responsible for all City affairs. The City provides a full range of general government services: including public safety, streets, parks and recreation, planning and zoning, permits and inspection, general administration, and water, sewer, storm water and wastewater treatment utilities.

The accompanying financial statements include all funds, agencies, and boards controlled by or dependent on the City. Criteria used to determine agency dependence on the City were: selection of the governing body, budget adoption, taxing authority, outstanding debt service secured by City revenues or general obligations, City obligation to finance possible deficits, or receipt of significant City subsidies.

**Discretely Presented Component Unit**

The Edmonds City Council formed the Edmonds Public Facilities District (PFD) on April 24, 2001 by Ordinance. The PFD was created under the authority provided by the legislature during the 1999 State legislative session, since codified as RCW 35.57. The purpose of the PFD is to construct and operate a "regional center" in the City of Edmonds. RCW 35.57 defines a regional center as a conference, convention or special events center along with related parking.

A five member board governs the PFD and is appointed to four-year terms by the City Council. The PFD has authority under state law to issue debt, levy certain taxes, and enter into contracts. In 2002 the City Issued Limited General Obligation Bonds for the acquisition, renovation and remodeling of a Performing Arts Center by the PFD in the amount of \$7,015,000. These proceeds were transferred to the PFD. The bonds are a debt of the City and not the PFD; however the PFD is obligated by inter-local agreement to transfer sales tax rebate revenues to the City to help offset the City's debt service costs over the life of the bonds. More information about the PFD, including complete financial statements, can be obtained from Edmonds Performing Arts Center, c/o Dan Clements, Administrative Services Director, 121 Fifth Ave. N. Edmonds, WA 98020, or by visiting our web site at [www.ci.edmonds.wa.us](http://www.ci.edmonds.wa.us).

**Joint Ventures**

A joint venture is an organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate activity. In addition to joint control, each participant must have either an ongoing financial interest or an ongoing financial responsibility.

The City participates in a single joint venture with Snohomish County and other local governments in the Snohomish County Emergency Radio System. See Note 5 for additional information.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. To some degree, the effect of the interfund activity has been removed from these statements. Government 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 City has allocated certain indirect costs that are included in the program expense reported for individual functions and activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are not included in the government-wide financial statements. Major individual funds are reported as separate columns, while the remaining funds are combined for presentation purposes in the governmental funds statements and the proprietary funds statements.

Pursuant to Statement No. 20 of the Governmental Accounting Standards Board (GASB), the City reports in accordance with all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB), and Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989 (unless they conflict with or contradict GASB pronouncements).

### **BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND PRESENTATION OF FINANCIAL STATEMENTS**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds. Under this approach, revenues are recorded when earned and expenses 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 revenues as soon as all the eligibility requirements imposed by the providers have been met.

Governmental funds are used to account for activities typically associated with state and local government operations. All governmental funds are accounted for on a spending or "financial flows" measurement focus, which means that typically only current assets and current liabilities are included on the related balance sheet. The operating statements for governmental funds measure changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Governmental funds use the modified accrual basis of accounting. On the modified accrual basis, revenues are recorded when susceptible to accrual (i.e. when they are determined to be both measurable and available.) To be considered available, revenues must be collected during the current period or soon enough thereafter to pay current liabilities. For the City of Edmonds, this period is considered to be the first sixty days after the end of the fiscal period. Property taxes, sales taxes, utility taxes, franchise fees, and interest are associated with the current fiscal period and have been recognized as revenues of the current period. Under this method, expenditures are recognized at the time the fund incurs the related liability, with the exception of principal and interest on long-term debt and vacation and sick pay which are recorded when paid.

#### Major Governmental Funds:

The **General Fund** is the general operating fund of the City and accounts for all activities not required to be accounted for in some other fund.

#### Proprietary Fund:

The **Combined Utility Operation Fund** accounts for the provision of water, drainage and wastewater treatment services to the residents of the City and some residents of Mountlake Terrace, Lynnwood, Woodway, Olympic View Water District and Ronald Wastewater District. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, financing, and related debt service, billing, and collection.

#### Internal Service and Fiduciary Funds:

The **Equipment Rental Fund** is an internal service fund used to account for the Fleet Maintenance Division. The Fleet Maintenance Division is responsible for maintaining the City's vehicle fleet.

**Fiduciary funds** are used to account for City assets held in a trustee capacity or as an agent for individuals, private organizations, and other governments. These funds share characteristics with both the government and proprietary funds and therefore, as described below, use the measurement focus and basis of accounting most appropriate to their specific operations.

The **Firemen's Pension Fund** accounts for a single employer defined benefit system established under state law to provide for eligible firefighters. Although this pension plan has subsequently been replaced by the State Law Enforcement Officers and Firefighters pension system, firefighters hired prior to March 1, 1970 continue to be eligible for benefits under its provisions. Revenues received by the fund include proceeds of a state-imposed tax on fire insurance premiums and as needed, allocations from the City's annual property tax levy based on actuarial estimates.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and service. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds include operating and maintenance costs, employee benefit expenses, contracted services, insurance and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

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

## **BUDGETS AND BUDGETARY ACCOUNTING**

### **Scope of Budget**

In accordance with the Revised Code of Washington (RCW) 35A.33 the City budgets for all funds except agency funds. In compliance with this code, annual appropriated budgets are adopted for the General Fund, Special Revenue Funds and Capital Project Funds.

Budgets are adopted at the fund level and this constitutes the legal level of control where expenditures may not exceed appropriations. Purely as a management tool, budgets are broken out to departments, activities and expense types.

The City adopts the budget for governmental funds on the modified accrual basis and all unexpended appropriations lapse at year-end.

### **Procedures for Adopting the Original Budget**

The budget process steps are: 1) prior to November 1, the Mayor submits a proposed budget to the City Council. It is based on Council-established priorities and estimates provided by City departments during the preceding months, and balanced with revenue estimates made by the Mayor; 2) the City Council conducts public hearings on the proposed budget in November and December; 3) the Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31; 4) the final operating budget as adopted is published and distributed by the next February. Limited copies of the budget book can be obtained from City of Edmonds, c/o Dan Clements, Administrative Services Director, 121 5<sup>th</sup> Ave. N. Edmonds, WA 98020, or by visiting our web site at [www.ci.edmonds.wa.us](http://www.ci.edmonds.wa.us).

Transfers or revisions within funds are allowed, but only the City Council can increase or decrease a fund's annual budget, which is done by City ordinance.

Budgetary accounts are integrated in fund ledgers for all budgeted funds, but financial statements include budget-to-actual comparisons for governmental funds only. The budgetary basis is substantially the same as the accounting basis in all governmental fund types. Proprietary and Trust Fund budgets are "management budgets" and are not legally required to be reported.

**ASSETS, LIABILITIES, AND NET ASSET OR EQUITY****Cash and Equity in Pooled Investments**

The City of Edmonds invests all short-term cash surpluses. The City considers all highly-liquid assets, including investment in the Washington State's Local Government Investment Pool, and short-term investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments**

Washington State statutes allow the City to hold investments consisting of federal government obligations, repurchase agreements, prime banker's acceptances, and time certificates of deposit issued by Washington State depositories that participate in the Washington State Public Depository Protection Pool (WPDPP). The WPDPP is a multiple of financial institutions' collateral pool administered by the Washington Public Deposit Protection Commission. Additional deposit and investment information is presented in Note 3.

**Inventories**

Inventories are generally valued using the weighted-average cost method and consist of expendable materials and supplies. Governmental fund types use the consumption method, where cost is recognized as an expenditure when the inventory is consumed. Inventories in the proprietary funds are expensed as consumed.

**Receivables**

*Property taxes* - The County Treasurer collects annual property taxes levied in the county for all taxing authorities. Taxes are levied on January 1 for property value listed as of May 31.

The County Assessor establishes assessed values at 100 percent of fair market value. Property values had been re-evaluated every four years. Beginning with the 2004 assessment for taxes payable in 2005, all property will be appraised annually and updated to reflect the current market value. This will result in smaller increases in assessed value than property owners experienced in the past with the 4-year reval cycle. It also allows property values to be adjusted downward if there is a change in the market, instead of the value being "fixed" for a 4-year period.

Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two equal payments if the total exceeds \$10. The first half is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at 12 percent and are subject to additional penalties if not paid as scheduled.

At year end, property taxes are recorded as a receivable, with the portion not expected to be collected within 60 days offset by a deferred revenue. During the year, property tax revenues are recognized when cash is received.

Due to voter approval of Initiative 747 in November 2001, levy increases are limited to the lesser of the implicit price deflator for personal consumption expenditures for the 12-month period ending in July of each year, or 1%. Any increase above this limit requires voter approval.

In 2004, the City's general tax levy was \$1.792 per \$1,000 on a total assessed valuation of \$4,465,519,067. In addition, there was a special levy of \$.50 for Emergency Medical Services and \$.178 for the 1996 Public Safety Bonds debt service. Property taxes assessed as compared to actual property tax revenues is presented below.

	<b>Estimated Property Taxes</b>	<b>Actual Property Taxes</b>	<b>Variance</b>
General Levy	\$8,003,544	\$7,985,901	(\$17,643)
Public Safety Levy	742,173	737,513	(4,660)
EMS Levy	2,232,760	2,217,026	(15,734)
Totals	<u>\$10,978,477</u>	<u>\$10,940,440</u>	<u>(\$38,037)</u>

*Customer Accounts* - Customer accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. Notes and contracts receivable arise from a written agreement or contract with private individuals or organizations. Receivables are shown net of allowances for uncollectible accounts.

*Interfund* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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/due from other funds. Advances to other funds in governmental funds are equally offset by a fund balance reserve account, which indicates that they do not constitute available spendable resources since they are not a component of net current assets.

### **Deferred Revenues and Deferred Charges**

Deferred revenues include amounts collected before revenue recognition criteria are met because under the modified accrual basis of accounting, they are measurable but not yet available. The deferred items consist primarily of delinquent property taxes, contracts and agreements, special assessments, and amounts due from component unit.

In the proprietary funds the premium or discount and issuance costs of long-term debt are amortized over the life of the debt. For current refunding and advance refunding of revenue bonds, the difference between the reacquisition price and net carrying amount is amortized over the shorter of the remaining life of the old debt or the life of the new bond issues.

### **Restricted Assets**

In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes. At December 31, 2004 the City had \$891,244 cash in the Enterprise fund restricted for debt service.

### **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases are made; however, the associated capital assets are reported in the governmental activities column of the government-wide statement of net assets while not reported in the fund balance sheets.

The City classifies assets with an estimated useful life in excess of one year as capital assets. As a general rule, items with an initial individual cost of \$5,000 or more are capitalized. Capital assets include land, buildings, improvements, machinery, equipment, construction in progress, and utility systems. The City has elected to exclude art and infrastructure such as roads, bridges, and curbs from this report. The City is currently inventorying and valuing these assets and will include them at a later date.

Costs of normal maintenance and repair for general capital assets are also not capitalized. However, any improvement that increases an asset's value, capacity or materially extends its life is added to that asset's capitalized costs.

Equipment items acquired through capital lease agreements and land purchased through conditional sales contracts are reported as general capital assets in the government-wide statement of net assets. In the governmental fund financial statements, lease and contract payments are reported as expenditures.

All project costs are included in construction in progress in the government-wide statement of net assets. At completion, capital costs are reclassified to property plant and equipment. In the governmental fund financial statements, projects are reported as expenditures.

Capital assets acquired or constructed by the proprietary funds are capitalized in those funds at historical cost. Contributed assets are recorded at their estimated fair values as of the date acquired. The estimated value of donated assets is recorded as contributed revenue by the fund which receives them.

Land and construction in progress are not depreciated. Buildings, equipment, non-building improvements and intangible assets are depreciated using the straight line method, using varying estimated service lives for individual assets and asset classifications depending on particular characteristics of an asset and factors surrounding its anticipated use. Governmental-fund fixed asset depreciation is reported as part of the related program expense column on government-wide statement of activities, while not reported in the fund statement of revenues, expenditures, and changes in fund balance. Capital assets used by the governmental funds are reported net of accumulated depreciation of the government-wide statement of net assets, while not reported in the fund balance sheets. Refer to note 7 for additional information regarding capital assets.

Capital assets used by proprietary funds are depreciated and reported net of accumulated depreciation on Proprietary Fund statement of net assets. Annual depreciation is recorded as a fund expense and computed using the straight line method over estimated service lives.

The average service lives used to calculate depreciation for specific categories of assets are summarized below:

<u>Asset Type</u>	<u>Est. Service Life (Yrs)</u>
Buildings	30-50
Non-Building Improvements	25-60
Utility Plant	25-60
Equipment	02-20

#### **Accumulated Compensated Absences**

Compensated absences including payroll taxes are reported as a current liability in the balance sheet. Actual balances are accrued for all types of compensated absences except sick leave, the liability for which is generally estimated using the termination method provided by GASB Statement No. 16.

*Vacation Pay* – Employees earn vacation based upon their years of service and may accumulate earned vacation up to a maximum of 216 hours. Unused vacation at retirement or termination is considered vested and payable to the employee.

*Sick Pay* – Employees may accumulate up to 800 hours of sick leave. Unused sick leave at retirement or termination is paid based on a percentage of accumulated sick leave. Payment is based on current wage at termination.

*Other Compensated Absences* – Other compensated absences include compensatory time in lieu of overtime pay; holiday earned by fire and police employees; and other compensation earned by City employees under law or union contracts. Unused compensated absences are payable at retirement or termination.

#### **Reservations and Designations**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are either not appropriable for expenditures or are legally restricted for a specific future use. The amounts not appropriable for expenditures are reported as fund balance reserved for noncurrent assets, inventories, petty cash, and prepaid items. The amounts legally segregated for specific future uses are reported as fund balance reserved for capital improvements and grants, debt service including judgments and claims, employee benefits, endowments and gifts, employee retirement systems, continuing appropriations, and encumbrances.

In cases where a governmental fund does not have enough available unreserved fund balance, the fund balance reserved for that fund is limited to the extent of the amount available.

## **NOTE 2 — STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of contract provisions. However, in 2004, one internal service fund and one pension fund exceeded their legal level of appropriation:

- 1) The Equipment Rental Fund exceeded legal appropriations by \$13,242 due to unanticipated outlays for equipment.
- 2) The Firemen's Pension Fund exceeded legal appropriations by \$322 due to unanticipated outlays for benefits.

All funds amended budget expenditure appropriations totaled \$69,891,039, which includes an increase of \$5,817,342. Changes in 2004 are shown below:

Fund Title	2004 Original Budget	Supplemental Appropriations	2004 Final Budget
General Fund	\$25,711,379	\$871,043	\$26,582,422
Travel Advance	0	7,000	7,000
Fire Apparatus Reserve Fund	260,214	224,980	485,194
Criminal Justice Fund	0	69,910	69,910
Street Beautification Fund	3,628	993	4,621
Hotel/Motel Tax Fund	62,000	7,000	69,000
Off Street Parking Fund	27,600	144,030	171,630
Gift Catalog Fund	11,160	24,000	35,160
Fire Donations Fund	7,400	15,759	23,159
Public Utility Assistance Fund	0	298	298
LID Control Fund	0	523,890	523,890
LID Guaranty Fund	0	160,000	160,000
2001 LTGO Bond Debt Service Fund	0	196,906	196,906
2002 LTGO Fund	0	383,360	383,360
Bond Construction Fund	220,860	119,237	340,097
Combined Utility Operation Fund	11,453,820	3,046	11,456,866
Combined Utility Bond Reserve Fund	1,430,850	2,956,590	4,387,440
Equipment Rental Fund	1,019,270	94,360	1,113,630
Firemen's Pension Fund	84,880	13,725	98,605
Special Library Fund	100	1,215	1,315
Totals	\$40,293,161	\$5,817,342	\$46,110,503

### NOTE 3 — CASH AND INVESTMENTS

#### Deposits

As of December 31, 2004, the carrying amount for the City's certificates of deposit was \$8,500,000. The carrying value of City's bank deposits was \$5,686,759 with a bank balance of \$10,184,866. All City deposits are insured by Federal Depository Insurance (FDIC) up to \$100,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (WPDPC) of the State of Washington for amounts over \$100,000.

The WPDPC is a statutory authority established under RCW chapter 39.58. It constitutes a multiple financial institution collateral arrangement that provides for additional assessments against members of the pool on a pro rata basis up to a maximum of 10 percent of each institution's public deposits. Provisions of RCW chapter 39.58, section 60 authorize the WPDPC to make pro-rata assessments in proportion to the maximum liability of each such depository as it existed on the date of loss.

The carrying amount of deposits for the PFD, a discretely presented component unit, was \$3,133,928 and the bank balance was \$3,133,928. All PFD deposits are insured by Federal Depository Insurance (FDIC) up to \$100,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (WPDPC) of the State of Washington for amounts over \$100,000.

#### Investments

As required by state law, all investments of the City's fund are obligations of the U.S. Government, U.S. agency issues, Obligations of the State of Washington, repurchase agreements, prime banker's acceptances, the Washington State Local Government Investment Pool, and time certificates of deposit with authorized Washington State banks. The City holds most investments to maturity. For reporting, all funds' interest earnings are recognized in the accounting period in which they become available and measurable. Investments are reported on the financial statements at fair value based on quoted market prices.

The Washington State Local Government Investment Pool operated in a manner consistent with the SEC's Rule 2a-7 of the Investment Act of 1940. The State investment pool is available for use by all funds. Pool investments are reported on the statement of net assets as Cash and Equity in Pooled Investments. Interest earned on the pooled investments is allocated to

individual funds at the end of each month on the basis of their average daily cash balance during the preceding month. Investments are also held separately by several funds with interest earned directly for each fund's benefit.

City investments are categorized to indicate the assumed year-end risk. Category 1 includes investments that are either insured, registered, or held by the City or its agent in the City of Edmonds' name. Category 2 includes uninsured and unregistered investments that are held by the counterpart's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart, but not in the City's name. For all of 2004, the City only held investments in Category 1.

As of December 31, 2004, the City's investment balances were as follows:

**Primary Government Investments:**

	Fair Value		
	Carrying Amount	Investments	Cash Equivalents
Category 1 Investments			
U.S. Government Securities	\$6,480,556	\$6,480,556	\$0
Total Category 1 Investments	\$6,480,556	\$6,480,556	\$0
Investments Not Subject to Credit Risk			
State Investment Pool	\$8,665,702	\$8,665,702	\$0
Total Investments Not Subject to Credit Risk	\$8,665,702	\$8,665,702	\$0
Total Investments	\$15,146,259	\$15,146,258	\$0

**Component Unit Investments**

	Fair Value		
	Carrying Amount	Investments	Cash Equivalents
Investments Not Subject to Credit Risk			
State Investment Pool	\$2,919,748	\$2,919,748	\$0
Total Investments Not Subject to Credit Risk	\$2,919,748	\$2,919,748	\$0

**NOTE 4 – RECEIVABLES AND PAYABLES**

Receivables at December 31, 2004, are as follows:

	Taxes	Customer Accounts	Due From Other Governments	Interest	Total
<b>Governmental Activities</b>					
General Fund	\$350,743	\$457,013	\$1,235,021	\$35,517	\$2,078,294
Other Governmental Funds	0	192	565,896	25,777	591,865
Internal Service	0	97	0	10,473	10,570
Total Governmental Activities	\$350,743	\$457,302	\$1,800,917	\$71,767	\$2,680,729
<b>Business-type Activities</b>					
Combined Utility Fund	0	1,218,577	369,611	37,788	1,625,976
Total Business-type Activities	\$0	\$1,218,577	\$369,611	\$37,788	\$1,625,976
<b>Component Unit</b>					
Edmonds Performing Arts Center	0	571,589	44,881	0	616,470
Total Component Unit	\$0	\$571,589	\$44,881	\$0	\$616,470

Payables at December 31, 2004, are as follows:

	Accounts Payable	Due to Other Governments	Custodial Accounts	Other	Total
<b>Governmental Activities</b>					
General Fund	\$193,362	\$69,981	\$54,735	\$19,902	\$337,980
Other Governmental Funds	188,439	0	4,400	0	192,839
Internal Service	33,530	0	0	0	33,530
Total Governmental Activities	\$415,331	\$69,981	\$59,135	\$19,902	\$564,349
<b>Business-type Activities</b>					
Combined Utility Fund	531,592	125,376	0	4,405	661,373
Total Business-type Activities	\$531,592	\$125,376	\$0	\$4,405	\$661,373
<b>Component Unit</b>					
Edmonds Performing Arts Center	52,651	0	1,350	0	54,001
Total Component Unit	\$52,651	\$0	\$1,350	\$0	\$54,001

**NOTE 5 — JOINT VENTURES**

The City has entered into a single joint venture with Snohomish County and other local governments in the establishment and operations of the Snohomish County Emergency Radio System. Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental joint venture. As such the City's share of ownership is reported in the General Fixed Asset Account Group, since the equity interest is comprised of capital assets.

The Snohomish County Emergency Radio System is considered a separate reporting entity. The City's and each participants share of authority is defined by the terms of the enabling charter. Control as represented by the City Council or Board of County Commissioners is divided between the County and participating Cities. Separate financial statements for the Snohomish County Emergency Radio System can be obtained from the City of Edmonds and Snohomish County.

The Snohomish County Emergency Radio System was created by agreement under the Interlocal Cooperation Act (RCW 39.34) between The City of Edmonds, Snohomish County and various other cities and political districts. The purpose of the venture is to equip and operate a radio system primarily for the use of public safety agencies. The City of Edmonds has an

8% interest in the equity and operations of the venture. The City's share of the assets and fund equity as of 12/31/2004 was \$1,355,299. The venture appears to be accumulating significant resources, and is not experiencing any fiscal stress that would cause an additional financial burden on the participating governments.

#### NOTE 6 — INTERFUND TRANSFERS

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 activity for the year is as follows:

<b>Operating Transfers Out</b>					
<b>Operating Transfers In</b>		<b>Other</b>			<b>Component</b>
	<b>General</b>	<b>Governmental</b>	<b>Enterprise</b>	<b>Unit</b>	
General Fund	\$294,029	0	\$294,029	0	0
Other Governmental	1,557,125	1,143,964	0	101,112	312,049
Internal Service	224,980	0	224,980	0	0
Total	\$2,076,134	\$1,143,964	\$519,008	\$101,112	\$312,049

Significant transfers are considered transfers that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer. In 2004, the Advance Travel Fund, Criminal Justice Fund, Council Contingency Fund and the Off Street Parking Fund transferred their respective closing fund balances to the General Fund. The Fire Apparatus Reserve Fund transferred its closing fund balance to the Equipment Rental Fund. The Gifts Catalog Fund transferred a citizen donation to establish the Parks Trust Fund. Significant transfer activity for the year is as follows:

<b>Significant Transfers Out</b>							
<b>Significant Transfers In</b>	<b>Advance</b>	<b>Fire</b>	<b>Criminal</b>	<b>Council</b>	<b>Off</b>	<b>Gifts</b>	
	<b>Travel</b>	<b>Apparatus</b>	<b>Justice</b>	<b>Contingency</b>	<b>Street</b>	<b>Catalog</b>	
		<b>Reserve</b>			<b>Parking</b>		
General Fund	\$345,360	\$7,000	0	\$69,908	\$124,423	\$144,029	0
Equipment Rental Fund	224,980	0	224,980	0	0	0	0
Parks Trust Fund	11,000	0	0	0	0	0	11,000
Total	\$581,340	\$7,000	\$224,980	\$69,908	\$124,423	\$144,029	\$11,000

## NOTE 7 — CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

**Governmental Activities**

<b>Capital assets, not being depreciated:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Land	\$9,174,140	\$768,232	(\$29,326)	\$9,913,046
Construction in Progress	3,986,424	305,260	(2,250,868)	2,040,816
Total capital assets, not being depreciated:	13,160,564	1,073,492	(2,280,194)	11,953,862
<b>Capital assets, being depreciated:</b>				
Building	21,670,140	3,812,168	(1,239,891)	24,242,417
Improvements other than buildings	13,679,819	954,652	(6,676,824)	7,957,647
Machinery and Equipment	5,387,660	3,018,530	(482,321)	7,923,869
Total capital assets being depreciated:	40,737,619	7,785,350	(8,399,036)	40,123,933
<b>Less accumulated depreciation for:</b>				
Buildings	(6,053,113)	(745,361)	30,069	(6,768,405)
Improvements other than buildings	(4,081,294)	(413,544)	22,195	(4,472,643)
Machinery and Equipment	(4,684,179)	(771,752)	239,888	(5,216,043)
Total accumulated depreciation:	(14,818,586)	(1,930,657)	292,152	(16,457,091)
Total capital assets, being depreciated, net:	25,919,033	5,854,693	(8,106,884)	23,666,842
<b>Governmental activities capital assets, net:</b>	<b>\$39,079,597</b>	<b>\$6,928,185</b>	<b>(\$10,387,078)</b>	<b>\$35,620,704</b>

**Business-type Activities**

<b>Capital assets, not being depreciated:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Land	\$1,150,104	\$0	(\$23,380)	\$1,126,724
Construction in Progress	3,514,966	3,717,826	(1,654,289)	5,578,503
Total capital assets, not being depreciated:	4,665,070	3,717,826	(1,677,669)	6,705,227
<b>Capital assets, being depreciated:</b>				
Building	33,627,816	3,112,211	(15,230)	36,724,797
Improvements other than buildings	30,866,613	1,397,453	(3,246,588)	29,017,478
Machinery and Equipment	557,363	246,614	(13,712)	790,265
Intangible Assets	1,250,000	0	0	1,250,000
Total capital assets being depreciated:	66,301,792	4,756,278	(3,275,530)	67,782,540
<b>Less accumulated depreciation for:</b>				
Buildings	(8,881,758)	(754,877)	0	(9,636,635)
Improvements other than buildings	(9,819,334)	(1,430,854)	0	(11,250,188)
Machinery and Equipment	(939,115)	322,690	13,712	(602,713)
Intangible Assets	(500,000)	(54,167)	0	(554,167)
Total accumulated depreciation:	(20,140,207)	(1,917,208)	13,712	(22,043,703)
Total capital assets, being depreciated, net:	46,161,585	2,839,070	(3,261,818)	45,738,837
<b>Business activities capital assets, net:</b>	<b>\$50,826,655</b>	<b>\$6,556,896</b>	<b>(\$4,939,487)</b>	<b>\$52,444,064</b>

**Depreciation Expense by Function**

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$357,942
Public safety	590,745
Culture and recreation	548,569
Transportation	13,198
Physical Environment	2,525
Internal Service	<u>287,907</u>
Total depreciation expense - Governmental activities	<u><u>\$1,800,886</u></u>

<b>BUSINESS-TYPE ACTIVITIES</b>	
Drainage	\$143,622
Water	396,140
Wastewater	<u>1,303,827</u>
Total depreciation expense – Business type activities	<u><u>\$1,843,589</u></u>

The increase in accumulated depreciation presented in the Governmental Activities does not agree with the schedules presenting depreciation by function due to deleting an asset out of the Internal Service Fund in 2003 instead of out of the General Government. An entry was made in 2004 in the amount of \$129,771 to correct the error.

The increase in accumulated depreciation presented in the Business-type Activities does not agree with the schedules presenting depreciation by function due to a prior period adjustment in the amount of \$73,619.

According to GASB 34, the city is not required to retrospectively report general governmental infrastructure assets until December 31, 2007. The city has not opted early implementation this provision.

**Discretely Presented Component Unit**

	<b>Balance 1/1/2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2004</b>
Land	\$ 1,619,737	\$ 0	\$ 0	\$ 1,619,737
Building	1,280,263	0	0	1,280,263
Construction in progress	1,600,359	457,796	0	2,058,155
	<u>\$ 4,500,359</u>	<u>\$ 457,796</u>	<u>\$ 0</u>	<u>\$ 4,958,155</u>

\*Due to the extent of renovations for the performing art center, there is no depreciation expense for 2004.

**NOTE 8 — PREPAID ITEMS**

Prepaid items consisting of services totaled \$339 at December 31, 2004. These items will be expensed in 2005.

**NOTE 9 – PENSION PLAN**

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. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

### **PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2, & 3**

#### **Plan Description**

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

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

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to 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 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Nonvested	54,081
<b>Total</b>	<b>239,913</b>

**Funding Policy**

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

\* The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* Plan 3 defined benefit portion only.

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

Both city and the employees made the required contributions. The city’s required contributions for the years ending December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2004	\$16,080	\$98,789	\$10,688
2003	\$16,152	\$92,991	\$8,177
2002	\$15,409	\$107,100	\$0

**LAW ENFORCEMENT & FIRE FIGHTERS RETIREMENT SYSTEM (LEOFF) PLANS 1 & 2**

**Plan Description**

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees, with the exception of the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003. 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. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. Effective January 1, 2003 firefighter emergency medical technicians (EMTs) may transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2 if while employed for the city, town, county or district, the EMT’s job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee 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.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

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

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Nonvested	4,003
<b>Total</b>	<b>24,374</b>

**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 contribution 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 Department of Retirement Systems in accordance with Chapter 41.45 RCW. 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. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.19%	3.25% **
Employee	0.00%	5.09%

\*The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* The employer rate for ports and universities is 5.28%.

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

	LEOFF Plan 1	LEOFF Plan 2
2004	\$0	\$259,477
2003	\$0	\$237,163
2002	\$0	\$233,814

## FIREMEN'S PENSION

### Plan Description

The City of Edmonds is the administrator of the Firemen's Pension Plan. The Firemen's Pension Fund was established by the City in compliance with the requirements of the Revised Code of Washington (RCW) 41.20 and 41.18. The pension plan is a closed, single-employer, defined benefit retirement plan.

When the Law Enforcement Officers' and Firefighters (LEOFF) pension system was installed, the State assumed the major portion of the obligation to provide future retirement benefits for members still in active service at the LEOFF inception date (March 1, 1970). The City retains the responsibility for all benefits payable to members (or to their survivors) who retired prior to that date. In addition, the City retains the responsibility for a portion of the benefits payable to members who were active on that date.

Generally, benefits under the LEOFF retirement benefit system are greater than or equal to the retirement benefits under the old City plan when payments begin. However, LEOFF retirement benefits increase with the consumer price index (CPI-Seattle), while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for the residual amount.

All City firefighters who served before March 1, 1970 are participants of this pension fund. Those hired between March 1, 1970 and September 30, 1977 are eligible for a supplemental retirement benefit plus health benefits under this plan. Eligible firefighters may retire with full benefits at age 50 after completing 20 years of service, or after 25 years of service regardless of age.

At December 31, 2004, there were seven retirees and beneficiaries eligible to receive retirement pension, medical insurance premiums, medical expenses, and death and disability benefits as set forth in RCWs 41.18 and 41.26. Benefit provisions, amendments, and all other requirements are established by State statute.

The Firemen's Pension Fund is part of the City's reporting entity and is included in the City's financial statements as a pension trust fund. The plan does not issue a stand-alone financial report and is not included in another Public Employee Retirement System or another entity. Every other four years a complete actuarial financial report is prepared by Milliman & Robertson, Incorporated, actuaries and consultants. A copy of this report can be obtained from the City of Edmonds, Dan Clements, Administrative Services Director, 121 Fifth Ave. N. Edmonds, WA 98020.

### Funding Policy

Under State law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$0.45 per \$1,000 of assessed value of all taxable City property. Currently, there are no property taxes that fund the Firemen's Pension Fund. Under State law, the Firemen's Pension Fund is provided an allocation of 25% of all monies received by the State from taxes on fire insurance premiums. The General Fund may provide additional funding through transfers as necessary. Active pension plan members are not required to contribute to the plan. The Firemen's Pension Fund holds no City-issued securities, or any investments in loans to or leases with parties related to the pension plan. There were no material changes in any accounting policies in 2004.

According to Milliman & Roberson, Inc., the actuarial valuation on November 30, 2003, concluded that actuarial assets exceed the actuarial liability. Since pension assets exceed pension liabilities, it is the City's funding policy to contribute only the City's share of the State tax on fire insurance premiums to the Firemen's Pension Fund. In 2004, this contribution totaled \$33,452. The City's payments to covered employees for the year ended December 31, 2004 were \$87,602.

### Summary of Significant Accounting Policies

*Basis of accounting* - The financial statements are prepared using the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the plan.

*Valuation of investments* - For reporting, interest earnings are recognized in the accounting period in which they become available and measurable. Investments are reported on the financial statements at fair value based on quoted market prices.

**MUNICIPAL EMPLOYEES BENEFITS TRUST (MEBT)**

Full- and qualifying part-time City employees participate in the City-defined contribution plan. By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to 2 U.S.C.A., Sec. 418 (g) effective July 1, 1977. City employees who customarily work 1,000 or more hours per year and who otherwise would be eligible for Social Security coverage and benefits are required to participate. Both the City and participants are required to contribute an amount equal to the current Federal Insurance Contributions Act tax rate. Tax rates for this Plan correspond to the FICA rate. The City's contributions for fiscal year 2004 were \$1,002,306, which represent its full liability based on 7.65 percent. For the year ending December 31, 2004, the City's covered payroll was \$16,802,540. The City's total current year payroll for all employees is \$16,711,894. No significant benefit changes occurred in 2004.

Plan assets are not City property, but are maintained in trust at American Stock Transfer and Trust Company. Plan assets, therefore, are not included in accompanying financial statements.

The City may amend the provisions of the plan, provided that no such amendment shall enlarge the duties or liabilities of the plan trustee without its consent.

The City has the right at any time to reduce suspend or completely discontinue its contributions to the plan.

Actuarial determinations are not required because 1) long-term disability insurance and survivor income insurance are prohibited by Group Insurance Policy No. 377655 with Standard Insurance Company, and 2) each participant shall, at his/her normal retirement, instruct the Trustee to (a) acquire a nonforfeitable, non-transferable annuity contract, (b) pay his/her retirement benefit from his/her account (no City or participant contributions shall be added to his account after retirement), and (c) pay a single cash sum. When a participant terminates, the Trustee shall be instructed to pay the full amount of the participant's contributions plus the vested portion credited to his account.

**POST-EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits described under "Law Enforcement Officers and Fire Fighters Retirement System," the City provides post-retirement health care benefits. In accordance with RCW 41.26.150, all employees who become eligible after age 50 or become disabled while employed with at least five years of service in the LEOFF I System are eligible. Currently, 38 retirees meet those eligibility requirements; the City pays their medical insurance premiums and medical expenses. During the year, \$315,974 was recognized as post-retirement health care and reported as a General Government Expenditure in the General Fund. Currently, OBEB are being funded on a pay as you go basis.

**NOTE 10 — LONG-TERM DEBT**

The City issues general obligation bonds to provide funding for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues two types of general obligation bonds, Limited Tax General Obligation bonds (LTGO) and Unlimited Tax General Obligation bonds (UTGO).

The City also issues revenue bonds to provide financing for the capital programs of the City Utility Construction/Improvement fund. They are Water, Sewer, Drainage and Wastewater. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility.

The City has an Aa3 bond rating from Moody's Investors Service for both General Obligation Bonds and Revenue Bonds.

The following table summarizes City long-term debt transactions for the year ended December 31, 2004:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$24,676,708	\$0	(\$1,028,107)	\$23,648,601	\$1,091,933
Special assessment debt					
with government commitment	1,085,000	0	(465,000)	620,000	0
Total bonds payable:	25,761,709	0	(1,493,107)	24,268,601	1,091,933
Compensated absences	2,454,967	95,834	0	2,550,801	0
Capital contracts	2,634,879	0	(375,416)	2,259,463	130,835
Public Works Trust Loan	255,000	80,000	(13,421)	321,579	17,631
Governmental activity					
long-term liabilities	\$31,106,555	\$175,834	(\$1,881,944)	\$29,400,444	\$1,240,399
<b>Business-type activities</b>					
Bonds Payable:					
General obligation bonds	763,292	0	(26,893)	\$736,399	28,067
Revenue bonds	9,060,000	0	(1,125,000)	7,935,000	1,150,000
Less deferred amounts:					
For issuance premiums	44,427	0	(2,308)	42,119	2,308
For issuance discount	(17,333)	0	1,733	(15,600)	(1,733)
On refunding	(303,741)	0	22,845	(280,896)	(22,845)
Total bonds payable:	9,546,645	0	(1,129,623)	8,417,022	1,155,797
Compensated absences	204,810	24,252	0	229,062	0
Public Works Trust Loan	654,075	828,538	(67,363)	1,415,250	78,033
Business-type activity					
long-term liabilities	\$10,405,530	\$852,790	(\$1,196,986)	\$10,061,333	\$1,233,830

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$42,520 of internal service funds compensated absences are included in the above amounts.

The following schedules provide detailed information for all long-term debt as of December 31, 2004:

GOVERNMENTAL ACTIVITIES	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
I.D. NO. AND CLASS DESCRIPTION							
1995 LTGO BONDS	12/01/14	3.90/5.80	5,000,000	485,000	0	235,000	250,000
1996 UTGO BONDS	12/01/16	5.50/5.60	9,275,000	1,895,000	0	340,000	1,555,000
1998 LTGO REFUNDING BONDS	12/01/14	4.00/4.40	4,163,712	3,917,216	0	116,169	3,801,047
2001 LTGO BONDS	12/01/21	3.00/4.90	2,545,011	2,369,493	0	91,938	2,277,555
2001 LTGO BONDS, Series B	12/01/21	2.65/5.45	2,260,000	2,115,000	0	80,000	2,035,000
2002 LTGO BONDS	12/01/26	3.00/4.90	7,015,000	6,965,000	0	75,000	6,890,000
2003 UTGO BONDS	12/01/16	2.00/3.50	7,000,000	6,930,000	0	90,000	6,840,000
PUBLIC WORK TRUST LOAN (1)	2022	0.5	340,000	255,000	0	13,421	241,579
PUBLIC WORK TRUST LOAN (1)	2024	0.5	400,000	0	80,000	0	80,000
1996 FIRE STATION NO. 10 BOND	01/01/15	1.00	1,136,115	742,311	0	58,530	683,781
CAPITAL PURCHASE OF 2 FIRE TRUCKS	04/30/04	4.91	587,166	107,606	0	107,606	0
PURCHASE OF LADDER FIRE TRUCK	06/30/04	4.91	674,153	140,429	0	140,429	0
SNO. CNTY CONTRACT/RADIO EQUIP.	12/01/19	4.75/6.00	1,884,794	1,644,532	0	68,851	1,575,681

**TOTAL GOVERNMENTAL ACTIVITIES** **42,280,951**    **27,566,588**    **80,000**    **1,416,944**    **26,229,644**

BUSINESS TYPE ACTIVITIES	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
I.D. NO. AND CLASS DESCRIPTION							
1998 LTGO REFUNDING BONDS	12/01/14	4.00/4.40	316,288	297,784	0	8,831	288,953
2001 LTGO BONDS	12/01/21	3.00/4.90	499,989	465,507	0	18,062	447,445
1998 WATER/SEWER REFUNDING BONDS	12/01/13	4.00/4.85	2,420,000	2,140,000	0	160,000	1,980,000
2003 WATER/SEWER REFUNDING BONDS	12/01/22	2.00/4.45	7,875,000	6,920,000	0	965,000	5,955,000
PUBLIC WORK TRUST LOAN (1)	2022	0.5	1,347,250	654,075	625,813	67,363	1,212,525
PUBLIC WORK TRUST LOAN (1)	2024	0.5	408,000	0	81,600	0	81,600
PUBLIC WORK TRUST LOAN (1)	2024	0.5	605,625	0	121,125	0	121,125

**TOTAL REVENUE DEBT** **13,472,152**    **10,477,366**    **828,538**    **1,219,256**    **10,086,648**

SPECIAL ASSESSMENT DEBT	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
I.D. NO. AND CLASS DESCRIPTION							
SEWER LID BONDS 213	08/01/03	3.4/5.5	340,943	15,000	0	15,000	0
SEWER LID BONDS 215/216	12/01/16	2.75/5.75	2,252,150	1,070,000	0	450,000	620,000

**TOTAL SPECIAL ASSESSMENT DEBT** **2,593,093**    **1,085,000**    **0**    **465,000**    **620,000**

(1) Amount entered in "Original Amount Issued" field reflects total amount of loan authorized.

**Capital Contracts**

Governmental Activities Long-term Debt includes the following Capital Contracts:

In 1995 the City entered into an agreement with Snohomish County for a 20-year purchase contract of fire station #20 commencing January 1996. The purchase price of the fire station is \$1,136,115 at 1.00 percent interest to be paid in annual installments for 20 years. No collateral was pledged.

In 1997 the City entered into an agreement with Fifth Third Bank for a seven-year lease purchase for three fire trucks commencing October 1999. The purchase price of the fire trucks was \$1,259,400 at 4.9 percent interest to be paid in annual installments for six years. No collateral was pledged. The City made the final payment on this contract in 2004.

In 2000 the City entered into an agreement with Snohomish County for a 20-year contract of financial assistance commencing November 2000. The amount of the financial assistance totals \$1,884,794 at a true interest of 5.772 percent interest to be paid in bi-annual installment for 20 years. No collateral was pledged.

#### **Special Assessment Debt with Governmental Commitment**

As of December 31, 2004, \$620,000 of long-term, special assessment debt was outstanding. The debt was issued to fund capital improvements to the combined water/sewer/drainage utility. It is repaid through assessments of benefiting property owners. If a property owner defaults, the City is obligated for repayment, and has established a guaranty fund for that purpose. As of December 31, 2004, special assessment receivables totaled \$885,515 (which includes \$24,342 of delinquent assessments) and \$248,386 in guaranty fund.

#### **Public Works Trust Fund Loans**

In 2002, the City secured a \$1,347,250 Public Works Trust Fund loan from the State of Washington to finance the 2002 Sanitary Sewer System Improvements. The scope of the improvements includes two projects that have been identified as the City's highest priority wastewater collection system projects: the Edmonds Way Interceptor Rehabilitation Project and the Rehabilitation of Lift Station No. 1. To date, the City has received \$1,212,525 from the loan. The interest for these loans shall be ½ % per annum on the outstanding principal balance and the term of the loan shall not exceed 20 years.

The City has obtained two Public Works Trust Fund loans for the design (\$340,000) and construction (\$400,000) of the 220<sup>th</sup> Street Improvement. To date, the City has received \$255,000 and \$80,000, respectively for the 220th Street Improvement. The interest for these loans shall be ½ % per annum on the outstanding principal balance and the term of the loan shall not exceed 20 years.

The City has two other Public Works Trust Fund loans, one for the Five Corners Water Pump Station project (\$408,000) of which \$81,600 has been received. The second loan (\$605,625) is for Stormwater Outfall improvements of which \$121,125 was received in 2004. The interest for these loans shall be ½ % per annum on the outstanding principal balance and the term of the loan shall not exceed 20 years.

#### **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 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%), 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 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.

**Debt Limit Capacity**

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	Without Vote (Councilmanic) 1.5%	With Vote 2.5%	With Vote 2.5%	With Vote 2.5%
Legal Limits	\$72,289,379	\$48,192,919	\$120,482,298	\$120,482,298
Net Outstanding Indebtedness	(21,241,361)	(8,404,196)	0	0
Margin Available	\$51,048,018	\$39,788,723	\$120,482,298	\$120,482,298

**Refunded Debt**

In prior years, the City has defeased several revenue bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds used to purchase U.S. Government securities that were placed in the trust funds. Investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from City financial statements.

**Debt Service to Maturity**

The requirements to amortize the long-term debt as of December 31, 2004 are presented below. Debt service for the LTGO bonds are met by the General Fund and certain special revenue funds, and reimbursements from proprietary funds of the City with the exception of the 2002 LTGO issue. The PFD is obligated by inter-local agreement to transfer all sales tax rebate revenues to the City to help offset the City’s debt service costs over the life of these bonds (refer to Note 1 – Reporting Entity). Debt service for the UTGO bonds are covered by property tax levies that authorized the bond issues. Debt service for the revenue bonds is paid by the Utility Bond Reserve Fund. Debt service for the capital contracts is expended from the General Fund. In prior years the City has typically used the General Fund to liquidate long-term liabilities other than debt.

Debt service for the special assessment bonds are disbursed from the L.I.D. Fund Control. As of December 31, 2004 the City has \$620,000 in outstanding special assessment bonds due between 2012 and 2016. It is the City’s policy to call the bonds subject to special assessment receivable collections. It is highly likely, all or part of these bonds will be called and redeemed in 2005.

Following is a table which reflects debt service to maturity for Governmental Activities and Business Type Activities.

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$1,240,399	\$1,069,510	\$2,309,909	\$1,256,100	\$319,002	\$1,575,102
2006	1,304,680	1,016,755	2,321,435	1,295,996	287,709	1,583,704
2007	1,387,804	965,539	2,353,344	1,317,056	253,711	1,570,767
2008	1,475,830	908,753	2,384,582	933,936	216,387	1,150,324
2009	1,578,512	851,494	2,430,005	496,170	186,811	682,981
2010-2014	9,023,387	3,352,276	12,375,663	2,442,511	645,765	3,088,276
2015-2019	5,824,175	1,746,567	7,570,742	1,412,869	301,734	1,714,603
2020-2024	3,294,858	709,303	4,004,161	932,011	63,335	995,345
2025-2026	1,100,000	76,440	1,176,440	0	0	0
	<u>\$26,229,644</u>	<u>\$10,696,636</u>	<u>\$36,926,280</u>	<u>\$10,086,648</u>	<u>\$2,274,453</u>	<u>\$12,361,100</u>

At December 31, 2004 the City had \$1,001 in the Debt service funds and \$891,244 in the Enterprise fund available for debt service.

#### **Arbitrage**

The Federal Tax Reform Act of 1986 requires tax-exempt debt issuers to pay investment income received at yields that exceed the issuer's borrowing rates to the United States Treasury. The liability is recorded at present value and payable every five years or 60 days after defeasance of the debt. At December 31, 2004, the City of Edmonds had no arbitrage liability.

#### **NOTE 11 – SHORT-TERM DEBT**

The City did not issue short-term debt during 2004 and has no outstanding short-term debt at December 31, 2004.

#### **NOTE 12 — CONTINGENCIES AND LITIGATIONS**

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for job-related illnesses and injuries to employees. The City has insurance policies to cover these general liability risks with the Washington Cities Insurance Authority (WCIA). Refer to Note 13 for more detailed information on risk management.

There are several other pending lawsuits in which the City is named. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements. The City participates in a number of federal- and state-assisted programs. These programs are subject to audit by the governmental unit administering the program or their representative. Such audits could result in requests for reimbursement of disallowed expenditures. Based on audit history, City management believes that any disallowance will be immaterial.

#### **NOTE 13 — RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance the Washington Cities Insurance Authority (WCIA).

The City of Edmonds has been a member of the WCIA since May 15, 1985. WCIA was created through RCW 48.62 and RCW 39.34 to provide a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or contracting for risk management services. To date, WCIA has a total of 111 members.

New members contract for a three-year term, and thereafter automatically renew on an annual basis. Before membership can be terminated, a one-year withdrawal notice is required. Termination does not relieve a former member from its unresolved loss history incurred during membership.

WCIA is governed by a Board of Directors comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting day-to-day operations.

WCIA offers a combination of self-insurance and standard insurance to cover liability and property risks, and provides related risk management services. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police professional, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$3 million per occurrence in the primary layer, subject to a \$15 million annual aggregate, in the excess layer, and \$12 million per occurrence in the second excess layer with no annual aggregate except \$10 million per member for public officials' errors and omissions. The second excess layer is reinsured by the insurance industry. Total limits are \$15 million per occurrence. The Board of Directors annually determines limits and terms of coverage.

Standard property insurance coverages for building and personal property, automobile physical damage, fidelity bonds, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Auto physical damage coverage is self-funded. Property insurance is self-funded up to \$25,000 with standard property insurance purchased above that amount.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. Third party contracts exist for the use of a claims investigation company, consultants for personnel issues and land use problems, insurance brokerage and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, adjustment and administrative expenses. As outlined in the Interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments that comply with State guidelines. These revenues directly offset a portion of the membership's annual assessment.

At the end of 2004, the City had 27 open claims for the last three years, with accompanying reserves totaling \$980,248. These funds were set aside by WCIA from prior assessments and are being held by the pool pending settlement of any open claims.

The last three years of reserves compared to paid claims are:

Item	2004	2003	2002
Claims Reserve at Beginning of Year	\$513,709	\$1,096,557	\$783,869
Claims Expenses:			
Add Current Year and Changes in Estimates	596,239	(469,065)	425,538
Less Claims Payments	(129,700)	(113,783)	(112,850)
Claims Liabilities at End of the Year	\$980,248	\$513,709	\$1,096,557

During the last three years, claim settlements have been less than the insurance coverage amounts. The claims pending at December 31, 2004 were liabilities resulting from civil rights violations and property damage.

## NOTE 14 — LEASES

### Operating Leases

The City leases equipment under operating leases, which are cancelable with 60 days notice from December 31. Total operating lease expenditures for 2004 were \$111,831 in governmental activities. Commitments under lease agreements provide for minimum annual payments as follows:

Year Ending December 31,	Amount
2005	\$97,798
2006	81,245
2007	<u>26,404</u>
Total	<u><u>\$205,447</u></u>

**Lease Revenues**

The City receives revenue from operating leases as a result of renting space in three of the City's buildings. At the Anderson Center, the City has seven recreation contracts that allow various organizations to rent out a total of 18.5 spaces. The recreation leases are renewed annually. The City rents out three garage bays at the old Public Works building as part of the City's Cultural Arts Plan. The contract was approved in 2003 on a month to month basis for an intended three years. The Edmonds Chamber of Commerce rents space on the first floor of city hall. The contract automatically renews annually unless terminated by the parties. The City also receives revenue by leasing land to communication companies for cell towers. The two cell tower leases were signed in 2004, one for a five year term with an optional renewal clause and the second for 20 years. In 2004, the General Fund received \$107,191 and the Enterprise Fund received \$22,564 in rental income.

The Anderson Center has an original cost of \$5,717,748 and a book value of \$2,208,259. The old Public Works building has an original cost of \$256,942 and a book value of \$72,463. City Hall's original cost is \$3,910,469 and carries a book value of \$2,700,317.

**NOTE 15 — COMMITMENTS****Construction Commitments**

The City has several capital improvement projects in progress. As of December 31, 2004, the City's outstanding contractual obligations, which include construction and engineering contracts, are summarized below:

<u>Project</u>	<u>Original Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Edmonds Interurban Trail	129,841	67,054	62,787
Street Projects	87,702	24,025	63,677
Utility Projects	3,718,645	2,453,447	1,265,198
	<u><b>3,936,188</b></u>	<u><b>2,544,526</b></u>	<u><b>1,391,662</b></u>

**NOTE 16 – PRIOR PERIOD CORRECTIONS****Governmental Activities**

Write off of amount due from Component Unit.	(\$15,277)
Amounts recorded as revenue that should have been recorded as a liability.	(37,519)
Amounts recorded as and expenditure that should have been recorded as a reduction of a liability.	38,875
Receipt of grant revenue in 2004 that should have been accrued to 2003	91,208
Correction of 2003 reconciliation of special assessment subsidiary ledger to general ledger.	(1,969)
Correction to remove infrastructure from general fixed assets.	(958,073)
Correction for 2003 general fixed assets that should have included capital lease.	1,294,656
Correction of amount of long term receivable - Component Unit.	<u>49,773</u>
	<u><u>\$461,674</u></u>

**Business-Type Activities**

To capitalize assets expensed in prior years.	\$439,439
To expense assets capitalized in prior years.	(29,968)
Receipt of grant revenue in 2004 that should have been accrued to 2003.	<u>1,888</u>
	<u>\$411,359</u>

**Internal Service Fund**

To correct beginning inventory balances	(\$19,877)
To correct prior year's amortization of prepaid insurance	<u>(9,643)</u>
	<u>(\$29,520)</u>

**NOTE 17 – SUBSEQUENT EVENTS**

On February 15, 2005 the City Council passed Ordinance No. 3536, providing for the issuance of the \$200,000 par value Limited Tax General Obligation Bond, 2005, to provide the funds to pay costs of acquiring telecommunications.

On February 15, 2005 the City Council passed Ordinance No. authorizing the issuance of not to exceed \$2,000,000 principal amount of its water and sewer revenue bond anticipation note (revolving line of credit) pending the issuance of water and sewer revenue bonds for the purpose of paying the costs of a Treatment Plant capital project.

On February 22, 2005 the City Council passed Ordinance No. 3538 amending the provisions of Section 7.50.050 rates and charges to increase the combined utility rate, storm water management component by forty-seven cents per month. The ordinance was effective March 1, 2005.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Firefighter's Pension Fund  
Three Year Trend Information**

Fiscal Year Ending 12/31	Annual Pension Cost (APC)	Contribution as a Percentage of APC**	Net Pension Obligation (NPO)
2002	(\$4,750)	N/A %	\$24,534
2003	(4,851)	N/A	40,992
2004	16,458 *	(172) *	78,292 *

\*Assumed amounts will be replaced at year end with actual amounts.

\*\*In years with a negative APC, this percentage is not applicable.

**Firefighter's Pension Fund  
Schedule of Contributions From The Employer and Other Contributing Entities**

Fiscal Year Ending 12/31	Medical and Long Term Care Payments	Fire Insurance Premium Taxes	Total Employer Contributions***	Annual Required Contribution	Percentage of ARC Contributed**
2000	(\$30,969)	\$17,146	(\$13,823)	(\$4,655)	N/A %
2001	(32,616)	23,491	(9,125)	(4,655)	N/A
2002	(36,932)	21,230	(15,702)	(4,655)	N/A
2003	(47,145)	25,836	(21,309)	(4,655)	N/A
2004	(57,063) *	33,452 *	(23,611) *	14,060	(\$168) *

\* Assumed amounts will be replaced at year end with actual amounts.

\*\* In years with a negative ARC, this percentage is not applicable.

\*\*\*Employer contributions for pensions are total contributions net of medical expenses for the year as provided by RCW 41.26.150.

Actuarial studies are completed every four year. As a result historical data prior to 2000 are not shown.

**Firefighter's Pension Fund  
Schedule of Fund Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll [(b-a)/c]
January 1, 2000	\$529,000	\$471,000	(\$58,000)	112%	\$0	N/A %
January 1, 2004*	\$463,000	\$629,000	\$166,000	74%	\$0	N/A %

\*Projected from November 30, 2003 valuation.

Actuarial studies are completed every four year. As a result historical data prior to 2000 are not shown.

**Actuarial Information**

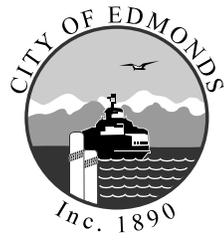
On November 30, 2003, Milliman and Roberson Inc., actuaries and consultants, completed the Firemen's Pension Fund Actuarial valuation. In order to comply with reporting requirements, they computed the annual required contribution (ARC) using the Entry Age Cost Normal Actuarial Method.

Under this method, the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since all members have already retired, the annual Normal Cost is zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets.

Other significant actuarial assumptions used in the valuation include: 1) 7.0 percent investment return, compounded annually, 2) 5.0 percent annual salary increase, 3) 4.0 percent growth in fire insurance premium, 4) 4.0 percent increase in consumer price index, 5) the UAAL is amortized as a level dollar amount over a closed 30 years beginning January 1, 2000. There were no material changes to the benefit provisions, actuarial funding method, or other significant factors that affect required contributions.

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

GOVERNMENTAL FUNDS



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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS AND OTHER DEBITS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$3,420,370	\$57,084	\$170,983	\$3,648,437
Investments	4,488,300	200,000	0	4,688,300
Receivables, net				
Customer accounts	192	166,206	0	166,398
Interest	22,272	3,505	0	25,777
Due from other governmental units	559,876	0	6,020	565,896
Prepayments	0	339	0	339
Total Current Assets	8,491,010	427,134	177,003	9,095,147
<b>RESTRICTED ASSETS</b>				
Special assessments - deferred	0	719,309	0	719,309
Total Restricted Assets	0	719,309	0	719,309
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$8,491,010</b>	<b>\$1,146,443</b>	<b>\$177,003</b>	<b>\$9,814,456</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$177,770	\$0	\$9,234	\$187,004
Deferred revenues	2,562	0	0	2,562
Other current liabilities	4,400	0	0	4,400
Total Current Liabilities	184,732	0	9,234	193,966
<b>NONCURRENT LIABILITIES</b>				
Deferred revenues	0	822,732	0	822,732
Total Noncurrent Liabilities	0	822,732	0	822,732
<b>TOTAL LIABILITIES</b>	184,732	822,732	9,234	1,016,698
<b>FUND BALANCES</b>				
Reserved for:				
Debt service	0	323,711	0	323,711
Unreserved, reported in:				
Special revenue funds	8,306,278	0	0	8,306,278
Capital projects funds	0	0	167,769	167,769
<b>TOTAL FUND BALANCES</b>	8,306,278	323,711	167,769	8,797,758
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$8,491,010</b>	<b>\$1,146,443</b>	<b>\$177,003</b>	<b>\$9,814,456</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes	\$2,163,553	\$0	\$737,512	\$2,901,065
Licenses and permits	11,487	0	0	11,487
Intergovernmental revenues	1,310,402	0	0	1,310,402
Charges for services	265,615	0	0	265,615
Fines and forfeits	32,701	0	0	32,701
Other revenues	362,535	428,880	97,946	889,361
<b>Total revenues</b>	<b>4,146,293</b>	<b>428,880</b>	<b>835,458</b>	<b>5,410,631</b>
<b>EXPENDITURES</b>				
Current:				
General government services	42,135	354	0	42,489
Security of persons and property	26,651	0	6,950	33,601
Physical environment	104,940	0	0	104,940
Transportation	1,266,838	0	0	1,266,838
Economic environment	24,581	0	0	24,581
Culture and recreation	116,985	0	0	116,985
Capital outlay	1,237,149	0	310,921	1,548,070
Debt service:				
Principal	689,366	631,938	430,000	1,751,304
Interest	271,698	471,853	313,796	1,057,347
Other debt service costs	0	0	254	254
<b>Total expenditures</b>	<b>3,780,343</b>	<b>1,104,145</b>	<b>1,061,921</b>	<b>5,946,409</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>365,950</b>	<b>(675,265)</b>	<b>(226,463)</b>	<b>(535,778)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of general long-term debt	80,000	0	0	80,000
Transfers in	1,239,935	456,012	91,677	1,787,624
Transfers out	(519,426)	(160,000)	(70,380)	(749,806)
<b>Total other financing sources (uses)</b>	<b>800,509</b>	<b>296,012</b>	<b>21,297</b>	<b>1,117,818</b>
Net change in fund balances	1,166,459	(379,253)	(205,166)	582,040
Fund balances - beginning	7,011,599	704,933	372,935	8,089,467
Prior period corrections	128,220	(1,969)	0	126,251
<b>FUND BALANCES - ENDING</b>	<b>\$8,306,278</b>	<b>\$323,711</b>	<b>\$167,769</b>	<b>\$8,797,758</b>

## SPECIAL REVENUE FUNDS DESCRIPTION

Special Revenue Funds account for revenue from specific sources (other than special assessments) or finance specified activities as required by law or administrative regulations. Individual fund descriptions are as follows:

**005 Fire Apparatus Reserve Fund** – created to provide monies for the maintenance, operation and acquiring of apparatus used within the City and to further provide for the training of personnel performing emergency aid services.

**009 LEOFF Medical Reserve Fund** – created in 1995 in order to establish reserves for the long-term health care and related obligations of LEOFF I employees. Reserve amounts are transferred from the General Fund and are approved by the City Council.

**104 Drug Enforcement Fund** – all monies and proceeds from the sale of property seized during drug investigations, and for the expenditure of those monies for drug enforcement.

**111 Street Fund** – revenues from State fuel taxes apportioned from the State of Washington and expenditures as specified under Revised Code of Washington, RCW 47.24 and 47.30.

**112 Street Construction Fund** – used to account for transportation improvement projects funded by a variety of sources, including federal and state transportation grants, motor vehicle fuel tax, impact fees and Public Works Trust Fund Loans.

**113 Multimodal Transportation Fund** – established in 1994 to simplify and facilitate accounting for the various local, state, and federal grants and for expenditures that will occur during the planning and development of the multimodal transportation center in Edmonds.

**114 Street Beautification Fund** – established in 1984 to provide various upgrades along City streets.

**116 Building Maintenance Fund** – expenditures incurred for major maintenance of City buildings.

**117 Municipal Arts Acquisition Fund** – revenues from performing arts programs and one percent of costs of capital construction projects designated by Council and Ordinance No. 1802.

**118 Memorial Street Fund** – established by Ordinance No. 2396 for the deposit of voluntary contributions to enhance the appearance of Edmonds' city streets by planting street trees in conformance with the Edmonds Street Tree Plan.

**120 Hotel/Motel Tax Fund** – revenues from two percent of State sales tax collected from lodging within City boundaries. State law requires the funds to be restricted to construction, operation and maintenance of a convention/performing arts center, and promoting tourism.

**121 Employee Parking Permit Fund** – City employees' parking permit fees.

**122 Youth Scholarship Fund** – revenues from the Edmonds Charity Festival of Fashion and expenditures to help children with financial hardships participate in recreation and cultural activities and programs.

**123 Tourism/Promotional Arts Fund** – twenty-five percent of sales tax revenues from lodging within the City's boundaries for promoting tourism; administered by Edmonds Arts Commission.

**124 Off-Street Parking Fund** – revenues from developers who elect not to provide required on-site parking. The revenue is restricted to acquiring land and constructing parking spaces as per Ordinance No. 1914.

**125 REET 2 Parks Improvement Fund** – collection includes the second one fourth percent real estate excise tax (REET) on real estate sales, state and local grants, and contributions from developers. The fund is for improvement, renovation, planning and development of park sites.

**126 REET 1 Parks Acquisition Fund** – collection includes the first one fourth percent real estate excise tax (REET) on real estate sales. The fund is used to cover debt service for City Hall, Marina Beach and the Edmonds Center for the Arts city contribution. Excess revenues received are used to acquire and improve park and recreation properties and facilities throughout the City.

**127 Gifts Catalog Fund** – funds donated to the City and used as specified by donor in accordance with the Gift Catalog Program.

**130 Cemetery Maintenance/Improvement Fund** – for revenue from a probate endowment that is restricted to the improvement and maintenance of the City cemetery.

**131 Fire Donations** – for fire department donations. These contributions are tax deductible and are used for small equipment and supplies.

**135 Public Utility Assistance Fund** – established in order to accept, hold and dispense funds contributed either from the City's General Fund from charitable and civic organizations or from individual rate-payers who have made donations for the assistance of low-income, elderly and disabled rate-payers.

**601 Parks Trust Fund** – established in 2003 for the purpose of receiving donations from citizens with the intent that interest earned will be used to assist in the cost of operating, maintaining, and improving the City Flower Program, Environmental/Beach Ranger Program, and Yost Park Pool.

**610 Cemetery Maintenance Trust Fund** – established for the purpose of providing an ongoing, stable source of funding for the long-term care and maintenance of the City-owned cemetery. Revenue sources are from lot sales, burial fees, and donations, which provide an investment base for earning expendable interest.

**620 Deposit Fund** – established for the purpose of holding or retaining cash deposits pending fulfillment of certain conditions and/or requirements by the depositor.

**621 Special Library Fund** – accounts for all donations from private sources restricted for the purpose of bettering library services and making awards by the Board of Trustees of the public library.

**623 Sister City Commission** – provides an audit trail for both public and private contributions to be used to promote relationships with Japan.

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**  
(Page 1 of 6)

	<b>005 FIRE APPARATUS RESERVE FUND</b>	<b>009 LEOFF MEDICAL RESERVE FUND</b>	<b>104 DRUG ENFORCE- MENT FUND</b>	<b>111 STREET FUND</b>	<b>112 STREET CONSTRUCTION FUND</b>
<b>ASSETS AND OTHER DEBITS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$0	\$86,757	\$34,257	\$205,792	\$236,212
Investments	0	200,000	0	0	900,000
Receivables, net					
Customer accounts	0	0	0	12	0
Interest	0	3,505	0	0	5,400
Due from other governmental units	0	0	38,880	49,511	85,903
Total Current Assets	0	290,262	73,137	255,315	1,227,515
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$0</b>	<b>\$290,262</b>	<b>\$73,137</b>	<b>\$255,315</b>	<b>\$1,227,515</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$0	\$1,718	\$38	\$28,661	\$41,470
Deferred revenues	0	0	0	0	0
Other current liabilities	0	0	0	4,400	0
Total Current Liabilities	0	1,718	38	33,061	41,470
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>1,718</b>	<b>38</b>	<b>33,061</b>	<b>41,470</b>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
Special revenue funds	0	288,544	73,099	222,254	1,186,045
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>288,544</b>	<b>73,099</b>	<b>222,254</b>	<b>1,186,045</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$290,262</b>	<b>\$73,137</b>	<b>\$255,315</b>	<b>\$1,227,515</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**  
(Page 2 of 6)

	<b>113 MULTIMODAL TRANSPORTATION FUND</b>	<b>114 STREET BEAUTI- FICATION FUND</b>	<b>116 BUILDING MAINTENANCE FUND</b>	<b>117 MUNICIPAL ARTS ACQUIS. FUND</b>
<b>ASSETS AND OTHER DEBITS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$12,290	\$0	\$139,701	\$171,749
Investments	0	0	50,000	0
Receivables, net				
Customer accounts	0	0	0	0
Interest	0	0	244	0
Due from other governmental units	75,232	0	28,450	0
Total Current Assets	87,522	0	218,395	171,749
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$87,522</b>	<b>\$0</b>	<b>\$218,395</b>	<b>\$171,749</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$35,839	\$0	\$28,467	\$13
Deferred revenues	0	0	0	2,562
Other current liabilities	0	0	0	0
Total Current Liabilities	35,839	0	28,467	2,575
<b>TOTAL LIABILITIES</b>	<b>35,839</b>	<b>0</b>	<b>28,467</b>	<b>2,575</b>
<b>FUND BALANCES</b>				
Unreserved, reported in:				
Special revenue funds	51,683	0	189,928	169,174
<b>TOTAL FUND BALANCES</b>	<b>51,683</b>	<b>0</b>	<b>189,928</b>	<b>169,174</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$87,522</b>	<b>\$0</b>	<b>\$218,395</b>	<b>\$171,749</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**  
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	118 MEMORIAL TREE FUND	120 HOTEL/ MOTEL TAX FUND	121 EMPLOYEE PKG PERMIT FUND	122 YOUTH SCHOLAR- SHIP FUND	123 TOURISM PROMO- TIONAL/ ARTS FUND
<b>ASSETS AND OTHER DEBITS</b>					
CURRENT ASSETS					
Cash and cash equivalents	\$14,765	\$46,570	\$69,724	\$6,911	\$30,050
Investments	0	0	0	0	0
Receivables, net					
Customer accounts	0	0	0	0	0
Interest	0	0	0	0	0
Due from other governmental units	0	8,348	0	0	0
Total Current Assets	14,765	54,918	69,724	6,911	30,050
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$14,765</b>	<b>\$54,918</b>	<b>\$69,724</b>	<b>\$6,911</b>	<b>\$30,050</b>
<b>LIABILITIES AND FUND BALANCES</b>					
CURRENT LIABILITIES					
Accounts payable	\$0	\$0	\$0	\$0	\$999
Deferred revenues	0	0	0	0	0
Other current liabilities	0	0	0	0	0
Total Current Liabilities	0	0	0	0	999
TOTAL LIABILITIES	0	0	0	0	999
FUND BALANCES					
Unreserved, reported in:					
Special revenue funds	14,765	54,918	69,724	6,911	29,051
TOTAL FUND BALANCES	14,765	54,918	69,724	6,911	29,051
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$14,765</b>	<b>\$54,918</b>	<b>\$69,724</b>	<b>\$6,911</b>	<b>\$30,050</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**  
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	<b>124 OFF STREET PARKING FUND</b>	<b>125 REET 2 PARKS IMPRV. FUND</b>	<b>126 REET 1 PARKS ACQUIS. FUND</b>	<b>127 GIFTS CATALOG FUND</b>	<b>130 CEMETERY MAINT./IMPR FUND</b>
<b>ASSETS AND OTHER DEBITS</b>					
CURRENT ASSETS					
Cash and cash equivalents	\$0	\$1,015,557	\$465,065	\$131,629	\$384,023
Investments	0	1,847,910	990,156	0	150,000
Receivables, net					
Customer accounts	0	0	180	0	0
Interest	0	9,466	2,438	0	731
Due from other governmental units	0	136,776	136,776	0	0
Total Current Assets	0	3,009,709	1,594,615	131,629	534,754
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$0</b>	<b>\$3,009,709</b>	<b>\$1,594,615</b>	<b>\$131,629</b>	<b>\$534,754</b>
<b>LIABILITIES AND FUND BALANCES</b>					
CURRENT LIABILITIES					
Accounts payable	\$0	\$35,371	\$0	\$0	\$4,950
Deferred revenues	0	0	0	0	0
Other current liabilities	0	0	0	0	0
Total Current Liabilities	0	35,371	0	0	4,950
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>35,371</b>	<b>0</b>	<b>0</b>	<b>4,950</b>
FUND BALANCES					
Unreserved, reported in:					
Special revenue funds	0	2,974,338	1,594,615	131,629	529,804
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>2,974,338</b>	<b>1,594,615</b>	<b>131,629</b>	<b>529,804</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$3,009,709</b>	<b>\$1,594,615</b>	<b>\$131,629</b>	<b>\$534,754</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**  
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	<b>131 FIRE DONATIONS FUND</b>	<b>135 PUBLIC UTILITY ASST. FUND</b>	<b>601 PARKS TRUST FUND</b>	<b>610 CEMETERY MAINTENANCE TRUST FUND</b>
<b>ASSETS AND OTHER DEBITS</b>				
CURRENT ASSETS				
Cash and cash equivalents	\$4,362	\$0	\$111,745	\$230,252
Investments	0	0	0	350,234
Receivables, net				
Customer accounts	0	0	0	0
Interest	0	0	0	488
Due from other governmental units	0	0	0	0
Total Current Assets	4,362	0	111,745	580,974
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$4,362</b>	<b>\$0</b>	<b>\$111,745</b>	<b>\$580,974</b>
<b>LIABILITIES AND FUND BALANCES</b>				
CURRENT LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$0
Deferred revenues	0	0	0	0
Other current liabilities	0	0	0	0
Total Current Liabilities	0	0	0	0
TOTAL LIABILITIES	0	0	0	0
FUND BALANCES				
Unreserved, reported in:				
Special revenue funds	4,362	0	111,745	580,974
TOTAL FUND BALANCES	4,362	0	111,745	580,974
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$4,362</b>	<b>\$0</b>	<b>\$111,745</b>	<b>\$580,974</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004  
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	<b>620 DEPOSIT FUND</b>	<b>621 SPECIAL LIBRARY FUND</b>	<b>623 SISTER CITY COMMISSION</b>	<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>
<b>ASSETS AND OTHER DEBITS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$0	\$8,457	\$14,502	\$3,420,370
Investments	0	0	0	4,488,300
Receivables, net				
Customer accounts	0	0	0	192
Interest	0	0	0	22,272
Due from other governmental units	0	0	0	559,876
Total Current Assets	0	8,457	14,502	8,491,010
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$0</b>	<b>\$8,457</b>	<b>\$14,502</b>	<b>\$8,491,010</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$0	\$0	\$244	\$177,770
Deferred revenues	0	0	0	2,562
Other current liabilities	0	0	0	4,400
Total Current Liabilities	0	0	244	184,732
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>244</b>	<b>184,732</b>
<b>FUND BALANCES</b>				
Unreserved, reported in:				
Special revenue funds	0	8,457	14,258	8,306,278
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>8,457</b>	<b>14,258</b>	<b>8,306,278</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$8,457</b>	<b>\$14,502</b>	<b>\$8,491,010</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>005 FIRE APPARATUS RESERVE FUND</b>	<b>009 LEOFF MEDICAL RESERVE FUND</b>	<b>104 DRUG ENFORCE- MENT FUND</b>	<b>111 STREET FUND</b>	<b>112 STREET CONSTRUCTION FUND</b>
<b>REVENUES</b>					
Taxes	\$60,096	\$0	\$0	\$0	\$0
Licenses and permits	0	0	0	3,425	0
Intergovernmental revenues	0	0	48,398	562,012	531,145
Charges for services	0	0	0	47,191	111,018
Fines and forfeits	0	0	32,701	0	0
Other revenues	1,637	14,164	22	(117)	49,260
<b>Total revenues</b>	<b>61,733</b>	<b>14,164</b>	<b>81,121</b>	<b>612,511</b>	<b>691,423</b>
<b>EXPENDITURES</b>					
Current:					
General government services	0	39,418	0	263	0
Security of persons and property	0	0	25,796	0	0
Physical environment	0	0	0	0	0
Transportation	0	0	0	1,117,522	0
Economic environment	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	0	881,023
Debt service:					
Principal	260,214	0	0	8,831	13,421
Interest	0	0	0	12,459	1,275
<b>Total expenditures</b>	<b>260,214</b>	<b>39,418</b>	<b>25,796</b>	<b>1,139,075</b>	<b>895,719</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(198,481)</b>	<b>(25,254)</b>	<b>55,325</b>	<b>(526,564)</b>	<b>(204,296)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of general long-term debt	0	0	0	0	80,000
Transfers in	279,420	65,000	23,795	517,400	170,380
Transfers out	(224,980)	0	0	0	(41,473)
<b>Total other financing sources (uses)</b>	<b>54,440</b>	<b>65,000</b>	<b>23,795</b>	<b>517,400</b>	<b>208,907</b>
Net change in fund balances	(144,041)	39,746	79,120	(9,164)	4,611
Fund balances - beginning	144,041	248,798	(6,021)	231,418	1,129,087
Prior period corrections	0	0	0	0	52,347
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$288,544</b>	<b>\$73,099</b>	<b>\$222,254</b>	<b>\$1,186,045</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>113 MULTIMODAL TRANSPORTATION FUND</b>	<b>114 STREET BEAUTI- FICATION FUND</b>	<b>116 BUILDING MAINTENANCE FUND</b>	<b>117 MUNICIPAL ARTS ACQUIS. FUND</b>
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Licenses and permits	0	0	0	0
Intergovernmental revenues	139,397	0	28,450	1,000
Charges for services	0	0	0	21,587
Fines and forfeits	0	0	0	0
Other revenues	0	0	2,891	10,877
<b>Total revenues</b>	<b>139,397</b>	<b>0</b>	<b>31,341</b>	<b>33,464</b>
<b>EXPENDITURES</b>				
Current:				
General government services	0	0	0	0
Security of persons and property	0	0	0	0
Physical environment	0	0	0	0
Transportation	149,316	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	0	44,087
Capital outlay	0	4,621	67,790	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
<b>Total expenditures</b>	<b>149,316</b>	<b>4,621</b>	<b>67,790</b>	<b>44,087</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,919)</b>	<b>(4,621)</b>	<b>(36,449)</b>	<b>(10,623)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of general long-term debt	0	0	0	0
Transfers in	0	2,897	56,600	24,505
Transfers out	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>2,897</b>	<b>56,600</b>	<b>24,505</b>
Net change in fund balances	(9,919)	(1,724)	20,151	13,882
Fund balances - beginning	24,604	1,724	169,777	155,292
Prior period corrections	36,998	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$51,683</b>	<b>\$0</b>	<b>\$189,928</b>	<b>\$169,174</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>118 MEMORIAL TREE FUND</b>	<b>120 HOTEL/ MOTEL TAX FUND</b>	<b>121 EMPLOYEE PKG PERMIT FUND</b>	<b>122 YOUTH SCHOLAR- SHIP FUND</b>	<b>123 TOURISM PROMO- TIONAL/ ARTS FUND</b>
<b>REVENUES</b>					
Taxes	\$0	\$61,385	\$0	\$0	\$0
Licenses and permits	0	0	8,062	0	0
Intergovernmental revenues	0	0	0	0	0
Charges for services	0	0	0	0	1,351
Fines and forfeits	0	0	0	0	0
Other revenues	109	500	747	3,353	282
<b>Total revenues</b>	<b>109</b>	<b>61,885</b>	<b>8,809</b>	<b>3,353</b>	<b>1,633</b>
<b>EXPENDITURES</b>					
Current:					
General government services	0	0	751	0	0
Security of persons and property	0	0	0	0	0
Physical environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic environment	0	0	0	0	0
Culture and recreation	0	37,020	0	3,423	16,088
Capital outlay	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>37,020</b>	<b>751</b>	<b>3,423</b>	<b>16,088</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>109</b>	<b>24,865</b>	<b>8,058</b>	<b>(70)</b>	<b>(14,455)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of general long-term debt	0	0	0	0	0
Transfers in	0	0	0	0	15,438
Transfers out	0	(23,438)	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(23,438)</b>	<b>0</b>	<b>0</b>	<b>15,438</b>
Net change in fund balances	109	1,427	8,058	(70)	983
Fund balances - beginning	14,656	53,491	61,666	6,981	28,068
Prior period corrections	0	0	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$14,765</b>	<b>\$54,918</b>	<b>\$69,724</b>	<b>\$6,911</b>	<b>\$29,051</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>124 OFF STREET PARKING FUND</b>	<b>125 REET 2 PARKS IMPRV. FUND</b>	<b>126 REET 1 PARKS ACQUIS. FUND</b>	<b>127 GIFTS CATALOG FUND</b>	<b>130 CEMETARY MAINT./IMPRV. FUND</b>
<b>REVENUES</b>					
Taxes	\$0	\$1,021,036	\$1,021,036	\$0	\$0
Licenses and permits	0	0	0	0	0
Intergovernmental revenues	0	0	0	0	0
Charges for services	0	0	0	0	76,402
Fines and forfeits	0	0	0	0	0
Other revenues	6,300	74,862	30,777	9,773	8,515
<b>Total revenues</b>	<b>6,300</b>	<b>1,095,898</b>	<b>1,051,813</b>	<b>9,773</b>	<b>84,917</b>
<b>EXPENDITURES</b>					
Current:					
General government services	0	0	1,703	0	0
Security of persons and property	0	0	0	0	0
Physical environment	0	0	0	0	104,940
Transportation	0	0	0	0	0
Economic environment	2,700	0	0	0	0
Culture and recreation	0	0	0	15,153	0
Capital outlay	0	230,948	27,500	0	2,963
Debt service:					
Principal	0	0	406,900	0	0
Interest	0	0	257,964	0	0
<b>Total expenditures</b>	<b>2,700</b>	<b>230,948</b>	<b>694,067</b>	<b>15,153</b>	<b>107,903</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,600</b>	<b>864,950</b>	<b>357,746</b>	<b>(5,380)</b>	<b>(22,986)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of general long-term debt	0	0	0	0	0
Transfers in	0	0	0	0	73,500
Transfers out	(144,029)	(2,897)	(71,311)	(11,000)	0
<b>Total other financing sources (uses)</b>	<b>(144,029)</b>	<b>(2,897)</b>	<b>(71,311)</b>	<b>(11,000)</b>	<b>73,500</b>
Net change in fund balances	(140,429)	862,053	286,435	(16,380)	50,514
Fund balances - beginning	140,429	2,112,285	1,308,180	148,009	479,290
Prior period corrections	0	0	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$2,974,338</b>	<b>\$1,594,615</b>	<b>\$131,629</b>	<b>\$529,804</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>131 FIRE DONATIONS FUND</b>	<b>135 PUBLIC UTILITY ASST. FUND</b>	<b>601 PARKS TRUST FUND</b>	<b>610 CEMETERY MAINTENANCE TRUST FUND</b>
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Licenses and permits	0	0	0	0
Intergovernmental revenues	0	0	0	0
Charges for services	0	0	0	8,066
Fines and forfeits	0	0	0	0
Other revenues	18,388	0	100,745	9,755
<b>Total revenues</b>	<b>18,388</b>	<b>0</b>	<b>100,745</b>	<b>17,821</b>
<b>EXPENDITURES</b>				
Current:				
General government services	0	0	0	0
Security of persons and property	855	0	0	0
Physical environment	0	0	0	0
Transportation	0	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	22,304	0	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
<b>Total expenditures</b>	<b>23,159</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,771)</b>	<b>0</b>	<b>100,745</b>	<b>17,821</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of general long-term debt	0	0	0	0
Transfers in	0	0	11,000	0
Transfers out	0	(298)	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(298)</b>	<b>11,000</b>	<b>0</b>
Net change in fund balances	(4,771)	(298)	111,745	17,821
Fund balances - beginning	9,133	298	0	563,153
Prior period corrections	0	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$4,362</b>	<b>\$0</b>	<b>\$111,745</b>	<b>\$580,974</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	<b>620 DEPOSIT FUND</b>	<b>621 SPECIAL LIBRARY FUND</b>	<b>623 SISTER CITY COMMISSION</b>	<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$2,163,553
Licenses and permits	0	0	0	11,487
Intergovernmental revenues	0	0	0	1,310,402
Charges for services	0	0	0	265,615
Fines and forfeits	0	0	0	32,701
Other revenues	0	73	19,622	362,535
<b>Total revenues</b>	<b>0</b>	<b>73</b>	<b>19,622</b>	<b>4,146,293</b>
<b>EXPENDITURES</b>				
Current:				
General government services	0	0	0	42,135
Security of persons and property	0	0	0	26,651
Physical environment	0	0	0	104,940
Transportation	0	0	0	1,266,838
Economic environment	0	0	21,881	24,581
Culture and recreation	0	1,214	0	116,985
Capital outlay	0	0	0	1,237,149
Debt service:	0			
Principal	0	0	0	689,366
Interest	0	0	0	271,698
<b>Total expenditures</b>	<b>0</b>	<b>1,214</b>	<b>21,881</b>	<b>3,780,343</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>0</b>	<b>(1,141)</b>	<b>(2,259)</b>	<b>365,950</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of general long-term debt	0	0	0	80,000
Transfers in	0	0	0	1,239,935
Transfers out	0	0	0	(519,426)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800,509</b>
Net change in fund balances	0	(1,141)	(2,259)	1,166,459
Fund balances - beginning	(38,875)	9,598	16,517	7,011,599
Prior period corrections	38,875	0	0	128,220
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$8,457</b>	<b>\$14,258</b>	<b>\$8,306,278</b>

## **DEBT SERVICE FUNDS DESCRIPTION**

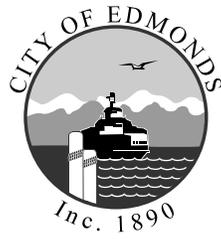
Debt Service Funds are used to account for the payment of principal and interest on Special Assessment Bonds. Special assessments against specific parcels of real property provide the funding source to retire Special Assessment Bonds. Costs of the street, sidewalk improvements, or utility services projects are estimated and property owners are assessed their proportionate share on the basis of cost per linear foot as required by state law. Interest is charged on the unpaid assessment at rates of one-half percent higher than those on the related bonds for the purpose of paying costs of handling.

**211 L.I.D. Fund Control Fund** – fund collects special assessments levied against benefited properties for payment of principal and interest for special assessment bond issues.

**213 L.I.D. Guaranty Fund** – established for the protection of the Local Improvement District bondholders. If the City is unable to pay debt service because of insufficient special assessment collections, the bond payments will be made from this fund.

**230 LTGO Bond Debt Service Fund** – established for payment of principal and interest on the 2001 LTGO bond issue.

**234 Limited Tax G.O. Bond Fund** – established for payment of principal and interest on the 2002 LTGO bond issue.



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**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2004**

	<b>211 L.I.D. FUND CONTROL FUND</b>	<b>213 L.I.D. GUARANTY FUND</b>	<b>230 LTGO BOND DEBT SERVICE FUND</b>	<b>234 LIMITED TAX G.O. BOND FUND</b>	<b>TOTAL NONMAJOR DEBT SERVICE FUNDS</b>
<b>ASSETS AND OTHER DEBITS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$11,201	\$44,882	\$1,001	\$0	\$57,084
Investments	0	200,000	0	0	200,000
Receivables, net					
Customer accounts	166,206	0	0	0	166,206
Interest	0	3,505	0	0	3,505
Prepayments	339	0	0	0	339
Total Current Assets	<u>177,746</u>	<u>248,387</u>	<u>1,001</u>	<u>0</u>	<u>427,134</u>
<b>RESTRICTED ASSETS</b>					
Special assessments - deferred	719,309	0	0	0	719,309
Total Restricted Assets	<u>719,309</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>719,309</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$897,055</u></b>	<b><u>\$248,387</u></b>	<b><u>\$1,001</u></b>	<b><u>\$0</u></b>	<b><u>\$1,146,443</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>NONCURRENT LIABILITIES</b>					
Deferred revenues	\$822,732	\$0	\$0	\$0	\$822,732
Total Noncurrent Liabilities	<u>822,732</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>822,732</u>
<b>TOTAL LIABILITIES</b>	<u>822,732</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>822,732</u>
<b>FUND BALANCES</b>					
Reserved for:					
Debt service	74,323	248,387	1,001	0	323,711
Unreserved, reported in:					
<b>TOTAL FUND BALANCES</b>	<u>74,323</u>	<u>248,387</u>	<u>1,001</u>	<u>0</u>	<u>323,711</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$897,055</u></b>	<b><u>\$248,387</u></b>	<b><u>\$1,001</u></b>	<b><u>\$0</u></b>	<b><u>\$1,146,443</u></b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

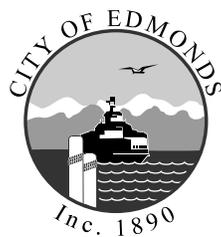
	<b>211 L.I.D. FUND CONTROL FUND</b>	<b>213 L.I.D. GUARANTY FUND</b>	<b>230 LTGO BOND DEBT SERVICE FUND</b>	<b>234 LIMITED TAX G.O. BOND FUND</b>	<b>TOTAL NONMAJOR DEBT SERVICE FUNDS</b>
<b>REVENUES</b>					
Other revenues	\$408,580	\$18,756	\$1,544	\$0	\$428,880
<b>Total revenues</b>	<b>408,580</b>	<b>18,756</b>	<b>1,544</b>	<b>0</b>	<b>428,880</b>
<b>EXPENDITURES</b>					
Current:					
General government services	354	0	0	0	354
Debt service:					
Principal	465,000	0	91,938	75,000	631,938
Interest	58,525	0	104,968	308,360	471,853
<b>Total expenditures</b>	<b>523,879</b>	<b>0</b>	<b>196,906</b>	<b>383,360</b>	<b>1,104,145</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(115,299)</b>	<b>18,756</b>	<b>(195,362)</b>	<b>(383,360)</b>	<b>(675,265)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,000	0	62,652	383,360	456,012
Transfers out	0	(160,000)	0	0	(160,000)
<b>Total other financing sources (uses)</b>	<b>10,000</b>	<b>(160,000)</b>	<b>62,652</b>	<b>383,360</b>	<b>296,012</b>
Net change in fund balances	(105,299)	(141,244)	(132,710)	0	(379,253)
Fund balances - beginning	181,591	389,631	133,711	0	704,933
Prior period corrections	(1,969)	0	0	0	(1,969)
<b>FUND BALANCES - ENDING</b>	<b>\$74,323</b>	<b>\$248,387</b>	<b>\$1,001</b>	<b>\$0</b>	<b>\$323,711</b>

## **CAPITAL PROJECTS FUNDS DESCRIPTIONS**

Capital Projects Funds are used to account for the acquisition and development of capital facilities. Principal fund sources are grants and bonds. Individual fund descriptions are as follows:

**326 Public Safety Building Construction Fund** – created to account for the design and construction of a new police station, courtroom, and two new fire stations. Revenues are generated from a property tax levy that was approved in 1996.

**330 2001 City Capital Improvements Fund** - accounts for the financing, construction, and improvements to various projects as determined by City Ordinance.



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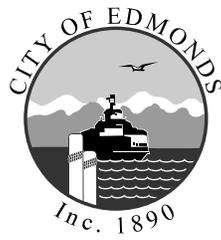
**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2004**

	<b>326 PUBLIC SAFETY BLDG CONST FUND</b>	<b>330 2001 CITY CAPITAL IMPROVEMENT FUND</b>	<b>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</b>
<b>ASSETS AND OTHER DEBITS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$149,627	\$21,356	\$170,983
Due from other governmental units	6,020	0	6,020
Total Current Assets	155,647	21,356	177,003
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$155,647</b>	<b>\$21,356</b>	<b>\$177,003</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$9,196	\$38	\$9,234
Total Current Liabilities	9,196	38	9,234
<b>TOTAL LIABILITIES</b>	<b>9,196</b>	<b>38</b>	<b>9,234</b>
<b>FUND BALANCES</b>			
Unreserved, reported in:			
Capital projects funds	146,451	21,318	167,769
<b>TOTAL FUND BALANCES</b>	<b>146,451</b>	<b>21,318</b>	<b>167,769</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$155,647</b>	<b>\$21,356</b>	<b>\$177,003</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>326 PUBLIC SAFETY BLDG CONST FUND</b>	<b>330 2001 CITY CAPITAL IMPROVEMENT FUND</b>	<b>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</b>
<b>REVENUES</b>			
Taxes	\$737,512	\$0	\$737,512
Other revenues	(1,613)	99,559	97,946
<b>Total revenues</b>	<b>735,899</b>	<b>99,559</b>	<b>835,458</b>
<b>EXPENDITURES</b>			
Current:			
Security of persons and property	6,950	0	6,950
Capital outlay	43,838	267,083	310,921
Debt service:			
Principal	430,000	0	430,000
Interest	313,796	0	313,796
Other debt service costs	0	254	254
<b>Total expenditures</b>	<b>794,584</b>	<b>267,337</b>	<b>1,061,921</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(58,685)</b>	<b>(167,778)</b>	<b>(226,463)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0	91,677	91,677
Transfers out	0	(70,380)	(70,380)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>21,297</b>	<b>21,297</b>
Net change in fund balances	(58,685)	(146,481)	(205,166)
Fund balances - beginning	205,136	167,799	372,935
<b>FUND BALANCES - ENDING</b>	<b>\$146,451</b>	<b>\$21,318</b>	<b>\$167,769</b>

# **BUDGET AND ACTUAL**



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**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 005 - FIRE APPARATUS RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$60,000	\$60,000	\$60,096	\$96
Other revenues	1,460	1,460	1,637	177
<b>Total Revenues</b>	<b>61,460</b>	<b>61,460</b>	<b>61,733</b>	<b>273</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	260,214	260,214	260,214	(0)
<b>Total Expenditures</b>	<b>260,214</b>	<b>260,214</b>	<b>260,214</b>	<b>(0)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(198,754)	(198,754)	(198,481)	273
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	279,420	279,420	279,420	0
Transfers out	0	(224,980)	(224,980)	0
<b>Total other financing sources (uses)</b>	<b>279,420</b>	<b>54,440</b>	<b>54,440</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>80,666</b>	<b>(144,314)</b>	<b>(144,041)</b>	<b>273</b>
Fund balances - beginning	145,800	145,800	144,041	(1,759)
<b>FUND BALANCES - ENDING</b>	<b>\$226,466</b>	<b>\$1,486</b>	<b>\$0</b>	<b>(\$1,486)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 009 - LEOFF MEDICAL RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$4,000	\$4,000	\$14,164	\$10,164
<b>Total Revenues</b>	<b>4,000</b>	<b>4,000</b>	<b>14,164</b>	<b>10,164</b>
<b>EXPENDITURES</b>				
Current:				
General government services	44,871	44,871	39,418	5,453
<b>Total Expenditures</b>	<b>44,871</b>	<b>44,871</b>	<b>39,418</b>	<b>5,453</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,871)	(40,871)	(25,254)	15,617
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	65,000	65,000	65,000	0
<b>Total other financing sources (uses)</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>24,129</b>	<b>24,129</b>	<b>39,746</b>	<b>15,617</b>
Fund balances - beginning	238,330	238,330	248,798	10,468
<b>FUND BALANCES - ENDING</b>	<b>\$262,459</b>	<b>\$262,459</b>	<b>\$288,544</b>	<b>\$26,085</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 104 - DRUG ENFORCEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$0	\$0	\$48,398	\$48,398
Fines and forfeits	16,500	16,500	32,701	16,201
Other revenues	20	20	22	2
<b>Total Revenues</b>	<b>16,520</b>	<b>16,520</b>	<b>81,121</b>	<b>64,601</b>
<b>EXPENDITURES</b>				
Current:				
Security of persons and property	52,970	52,970	25,796	27,174
<b>Total Expenditures</b>	<b>52,970</b>	<b>52,970</b>	<b>25,796</b>	<b>27,174</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,450)	(36,450)	55,325	91,775
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	23,795	23,795	23,795	0
<b>Total other financing sources (uses)</b>	<b>23,795</b>	<b>23,795</b>	<b>23,795</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>(12,655)</b>	<b>(12,655)</b>	<b>79,120</b>	<b>91,775</b>
Fund balances - beginning	21,087	21,087	(6,021)	(27,108)
<b>FUND BALANCES - ENDING</b>	<b>\$8,432</b>	<b>\$8,432</b>	<b>\$73,099</b>	<b>\$64,667</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 111 - STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Licenses and Permits	\$2,000	\$2,000	\$3,425	\$1,425
Intergovernmental revenues	560,000	560,000	562,012	2,012
Charges for services	23,750	23,750	47,191	23,441
Other revenues	6,500	6,500	(117)	(6,617)
<b>Total Revenues</b>	<b>592,250</b>	<b>592,250</b>	<b>612,511</b>	<b>20,261</b>
<b>EXPENDITURES</b>				
Current:				
General government services	0	0	263	(263)
Transportation	1,127,260	1,127,260	1,117,522	9,738
Debt service:				
Principal retirement	8,830	8,830	8,831	(1)
Interest	12,460	12,460	12,459	1
<b>Total Expenditures</b>	<b>1,148,550</b>	<b>1,148,550</b>	<b>1,139,075</b>	<b>9,475</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(556,300)</b>	<b>(556,300)</b>	<b>(526,564)</b>	<b>29,736</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	517,400	517,400	517,400	0
<b>Total other financing sources (uses)</b>	<b>517,400</b>	<b>517,400</b>	<b>517,400</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>(38,900)</b>	<b>(38,900)</b>	<b>(9,164)</b>	<b>29,736</b>
Fund balances - beginning	128,120	128,120	231,418	103,298
<b>FUND BALANCES - ENDING</b>	<b>\$89,220</b>	<b>\$89,220</b>	<b>\$222,254</b>	<b>\$133,034</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 112 - STREET CONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$3,542,000	\$3,542,000	\$531,145	(\$3,010,855)
Charges for services	125,000	125,000	111,018	(13,982)
Other revenues	39,000	39,000	49,260	10,260
<b>Total Revenues</b>	<b>3,706,000</b>	<b>3,706,000</b>	<b>691,423</b>	<b>(3,014,577)</b>
<b>EXPENDITURES</b>				
Capital outlay	4,731,000	4,731,000	881,023	3,849,977
Debt service:				
Principal retirement	0	0	13,421	(13,421)
Interest	0	0	1,275	(1,275)
<b>Total Expenditures</b>	<b>4,731,000</b>	<b>4,731,000</b>	<b>895,719</b>	<b>3,835,281</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,025,000)	(1,025,000)	(204,296)	820,704
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of general long-term debt	470,000	470,000	80,000	(390,000)
Transfers in	170,380	170,380	170,380	
Transfers out	(47,250)	(47,250)	(41,473)	5,777
<b>Total other financing sources (uses)</b>	<b>593,130</b>	<b>593,130</b>	<b>208,907</b>	<b>(384,223)</b>
<b>Net changes in fund balances</b>	<b>(431,870)</b>	<b>(431,870)</b>	<b>4,611</b>	<b>436,481</b>
Fund balances - beginning	1,236,685	1,236,685	1,129,087	(107,598)
Prior Period Adjustment	0	0	52,347	52,347
<b>FUND BALANCES - ENDING</b>	<b>\$804,815</b>	<b>\$804,815</b>	<b>\$1,186,045</b>	<b>\$381,230</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 113 - MULTIMODAL TRANSPORTATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$3,943,424	\$3,943,424	\$139,397	(\$3,804,027)
<b>Total Revenues</b>	<b>3,943,424</b>	<b>3,943,424</b>	<b>139,397</b>	<b>(3,804,027)</b>
<b>EXPENDITURES</b>				
Current:				
Transportation	3,943,424	3,943,424	149,316	3,794,108
<b>Total Expenditures</b>	<b>3,943,424</b>	<b>3,943,424</b>	<b>149,316</b>	<b>3,794,108</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	(9,919)	(9,919)
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	0	0	(9,919)	(9,919)
Fund balances - beginning	0	0	24,604	24,604
Prior Period Adjustment	0	0	36,998	36,998
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,683</b>	<b>\$51,683</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 114 - STREET BEAUTIFICATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$135	\$0	\$0	\$0
<b>Total Revenues</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>				
Capital outlay	3,628	4,621	4,621	0
<b>Total Expenditures</b>	<b>3,628</b>	<b>4,621</b>	<b>4,621</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,493)	(4,621)	(4,621)	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	2,897	2,897	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>2,897</b>	<b>2,897</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>(3,493)</b>	<b>(1,724)</b>	<b>(1,724)</b>	<b>0</b>
Fund balances - beginning	3,493	1,724	1,724	0
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 116 - BUILDING MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$0	\$0	\$28,450	\$28,450
Other revenues	2,387	2,387	2,891	504
<b>Total Revenues</b>	<b>2,387</b>	<b>2,387</b>	<b>31,341</b>	<b>28,954</b>
<b>EXPENDITURES</b>				
Capital outlay	116,820	116,820	67,790	49,030
<b>Total Expenditures</b>	<b>116,820</b>	<b>116,820</b>	<b>67,790</b>	<b>49,030</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(114,433)	(114,433)	(36,449)	77,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,600	56,600	56,600	0
Transfers out	(1,180)	(1,180)	0	1,180
<b>Total other financing sources (uses)</b>	<b>55,420</b>	<b>55,420</b>	<b>56,600</b>	<b>1,180</b>
<b>Net changes in fund balances</b>	<b>(59,013)</b>	<b>(59,013)</b>	<b>20,151</b>	<b>79,164</b>
Fund balances - beginning	136,410	136,410	169,777	33,367
<b>FUND BALANCES - ENDING</b>	<b>\$77,397</b>	<b>\$77,397</b>	<b>\$189,928</b>	<b>\$112,531</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 117 - MUNICIPAL ARTS ACQUISITION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental revenues	\$2,000	\$2,000	\$1,000	(\$1,000)
Charges for services	20,700	20,700	21,587	887
Other revenues	8,868	8,868	10,877	2,009
<b>Total Revenues</b>	<b>31,568</b>	<b>31,568</b>	<b>33,464</b>	<b>1,896</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	61,900	61,900	44,087	17,813
<b>Total Expenditures</b>	<b>61,900</b>	<b>61,900</b>	<b>44,087</b>	<b>17,813</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,332)	(30,332)	(10,623)	19,709
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	43,250	47,250	24,505	(22,745)
<b>Total other financing sources (uses)</b>	<b>43,250</b>	<b>47,250</b>	<b>24,505</b>	<b>(22,745)</b>
<b>Net changes in fund balances</b>	<b>12,918</b>	<b>16,918</b>	<b>13,882</b>	<b>(3,036)</b>
Fund balances - beginning	133,322	133,322	155,292	21,970
<b>FUND BALANCES - ENDING</b>	<b>\$146,240</b>	<b>\$150,240</b>	<b>\$169,174</b>	<b>\$18,934</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 118 - MEMORIAL TREE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$250	\$250	\$109	(\$141)
<b>Total Revenues</b>	<b>250</b>	<b>250</b>	<b>109</b>	<b>(141)</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,000	1,000	0	1,000
<b>Total Expenditures</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(750)	(750)	109	859
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	(750)	(750)	109	859
Fund balances - beginning	14,675	14,675	14,656	(19)
<b>FUND BALANCES - ENDING</b>	<b>\$13,925</b>	<b>\$13,925</b>	<b>\$14,765</b>	<b>\$840</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 120 - HOTEL/MOTEL TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$57,333	\$57,333	\$61,385	\$4,052
Other revenues	500	500	500	(0)
<b>Total Revenues</b>	<b>57,833</b>	<b>57,833</b>	<b>61,885</b>	<b>4,052</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	62,000	47,000	37,020	9,980
<b>Total Expenditures</b>	<b>62,000</b>	<b>47,000</b>	<b>37,020</b>	<b>9,980</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,167)	10,833	24,865	14,032
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	(22,000)	(23,438)	(1,438)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(22,000)</b>	<b>(23,438)</b>	<b>(1,438)</b>
<b>Net changes in fund balances</b>	<b>(4,167)</b>	<b>(11,167)</b>	<b>1,427</b>	<b>12,594</b>
Fund balances - beginning	40,660	40,660	53,491	12,831
<b>FUND BALANCES - ENDING</b>	<b>\$36,493</b>	<b>\$29,493</b>	<b>\$54,918</b>	<b>\$25,425</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 121 - EMPLOYEE PARKING PERMIT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Licenses and Permits	\$4,500	\$4,500	\$8,062	\$3,562
Other revenues	700	700	747	47
<b>Total Revenues</b>	<b>5,200</b>	<b>5,200</b>	<b>8,809</b>	<b>3,609</b>
<b>EXPENDITURES</b>				
Current:				
General government services	1,000	1,000	751	249
<b>Total Expenditures</b>	<b>1,000</b>	<b>1,000</b>	<b>751</b>	<b>249</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,200	4,200	8,058	3,858
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>4,200</b>	<b>4,200</b>	<b>8,058</b>	<b>3,858</b>
Fund balances - beginning	58,071	58,071	61,666	3,595
<b>FUND BALANCES - ENDING</b>	<b>\$62,271</b>	<b>\$62,271</b>	<b>\$69,723</b>	<b>\$7,452</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 122 - YOUTH SCHOLARSHIP FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$5,080	\$5,080	\$3,353	(\$1,727)
<b>Total Revenues</b>	<b>5,080</b>	<b>5,080</b>	<b>3,353</b>	<b>(1,727)</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	4,000	4,000	3,423	577
<b>Total Expenditures</b>	<b>4,000</b>	<b>4,000</b>	<b>3,423</b>	<b>577</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,080	1,080	(70)	(1,150)
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	1,080	1,080	(70)	(1,150)
Fund balances - beginning	7,080	7,080	6,981	(99)
<b>FUND BALANCES - ENDING</b>	<b>\$8,160</b>	<b>\$8,160</b>	<b>\$6,911</b>	<b>(\$1,249)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 123 - TOURISM/PROMOTIONAL ARTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Charges for services	\$3,000	\$3,000	\$1,351	(\$1,649)
Other revenues	507	507	282	(225)
<b>Total Revenues</b>	<b>3,507</b>	<b>3,507</b>	<b>1,633</b>	<b>(1,874)</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	21,700	21,700	16,088	5,612
<b>Total Expenditures</b>	<b>21,700</b>	<b>21,700</b>	<b>16,088</b>	<b>5,612</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,193)	(18,193)	(14,455)	3,738
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,000	14,000	15,438	1,438
<b>Total other financing sources (uses)</b>	<b>14,000</b>	<b>14,000</b>	<b>15,438</b>	<b>1,438</b>
<b>Net changes in fund balances</b>	<b>(4,193)</b>	<b>(4,193)</b>	<b>983</b>	<b>5,176</b>
Fund balances - beginning	25,368	25,368	28,068	2,700
<b>FUND BALANCES - ENDING</b>	<b>\$21,175</b>	<b>\$21,175</b>	<b>\$29,051</b>	<b>\$7,876</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 124 - OFF STREET PARKING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$8,500	\$8,500	\$6,300	(\$2,200)
<b>Total Revenues</b>	<b>8,500</b>	<b>8,500</b>	<b>6,300</b>	<b>(2,200)</b>
<b>EXPENDITURES</b>				
Current:				
Economic environment	27,600	27,600	2,700	24,900
<b>Total Expenditures</b>	<b>27,600</b>	<b>27,600</b>	<b>2,700</b>	<b>24,900</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(19,100)	(19,100)	3,600	22,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	(144,030)	(144,029)	1
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(144,030)</b>	<b>(144,029)</b>	<b>1</b>
<b>Net changes in fund balances</b>	<b>(19,100)</b>	<b>(163,130)</b>	<b>(140,429)</b>	<b>22,701</b>
Fund balances - beginning	141,035	163,130	140,429	(22,701)
<b>FUND BALANCES - ENDING</b>	<b>\$121,935</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 125 - REET 2 PARKS IMPROVEMENTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$740,000	\$740,000	\$1,021,036	\$281,036
Intergovernmental revenues	250,000	250,000	0	(250,000)
Other revenues	50,000	50,000	74,862	24,862
<b>Total Revenues</b>	<b>1,040,000</b>	<b>1,040,000</b>	<b>1,095,899</b>	<b>55,899</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	5,000	5,000	0	5,000
Capital outlay	2,327,000	2,327,000	230,948	2,096,052
<b>Total Expenditures</b>	<b>2,332,000</b>	<b>2,332,000</b>	<b>230,948</b>	<b>2,101,052</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,292,000)	(1,292,000)	864,950	2,156,950
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,750)	(8,750)	(2,897)	5,853
<b>Total other financing sources (uses)</b>	<b>(8,750)</b>	<b>(8,750)</b>	<b>(2,897)</b>	<b>5,853</b>
<b>Net changes in fund balances</b>	<b>(1,300,750)</b>	<b>(1,300,750)</b>	<b>862,054</b>	<b>2,162,804</b>
Fund balances - beginning	1,412,447	1,412,447	2,112,285	699,838
<b>FUND BALANCES - ENDING</b>	<b>\$111,697</b>	<b>\$111,697</b>	<b>\$2,974,339</b>	<b>\$2,862,642</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 126 - REET 1 PARKS ACQUISITION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$740,000	\$740,000	\$1,021,036	\$281,036
Intergovernmental revenues	523,000	523,000	0	(523,000)
Other revenues	45,000	45,000	30,777	(14,223)
<b>Total Revenues</b>	<b>1,308,000</b>	<b>1,308,000</b>	<b>1,051,813</b>	<b>(256,187)</b>
<b>EXPENDITURES</b>				
Current:				
General government services	0	0	1,703	(1,703)
Capital outlay	1,465,200	1,465,200	27,500	1,437,700
Debt service:				
Principal retirement	732,229	732,229	406,900	325,329
Interest	0	0	257,964	(257,964)
<b>Total Expenditures</b>	<b>2,197,429</b>	<b>2,197,429</b>	<b>694,067</b>	<b>1,503,362</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(889,429)	(889,429)	357,746	1,247,175
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	0	(71,311)	(71,311)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>(71,311)</b>	<b>(71,311)</b>
<b>Net changes in fund balances</b>	<b>(889,429)</b>	<b>(889,429)</b>	<b>286,435</b>	<b>1,175,864</b>
Fund balances - beginning	1,274,242	1,274,242	1,308,180	33,938
<b>FUND BALANCES - ENDING</b>	<b>\$384,813</b>	<b>\$384,813</b>	<b>\$1,594,615</b>	<b>\$1,209,802</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 127 - GIFTS CATALOG FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$3,048	\$3,048	\$9,773	\$6,725
<b>Total Revenues</b>	<b>3,048</b>	<b>3,048</b>	<b>9,773</b>	<b>6,725</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	11,160	14,160	15,153	(993)
<b>Total Expenditures</b>	<b>11,160</b>	<b>14,160</b>	<b>15,153</b>	<b>(993)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,112)	(11,112)	(5,380)	5,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	(21,000)	(11,000)	10,000
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(21,000)</b>	<b>(11,000)</b>	<b>10,000</b>
<b>Net changes in fund balances</b>	<b>(8,112)</b>	<b>(32,112)</b>	<b>(16,380)</b>	<b>15,732</b>
Fund balances - beginning	132,488	132,488	148,009	15,521
<b>FUND BALANCES - ENDING</b>	<b>\$124,376</b>	<b>\$100,376</b>	<b>\$131,629</b>	<b>\$31,253</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND - 130 CEMETERY MAINTENANCE/IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Charges for services	\$101,000	\$101,000	\$76,402	(\$24,598)
Other revenues	20,100	20,100	8,515	(11,585)
<b>Total Revenues</b>	<b>121,100</b>	<b>121,100</b>	<b>84,917</b>	<b>(36,183)</b>
<b>EXPENDITURES</b>				
Current:				
Physical environment	122,565	122,565	104,940	17,625
Capital outlay	400,000	400,000	2,963	397,038
<b>Total Expenditures</b>	<b>522,565</b>	<b>522,565</b>	<b>107,903</b>	<b>414,662</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(401,465)	(401,465)	(22,986)	378,479
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	73,500	73,500	73,500	0
Transfers out	(2,500)	(2,500)	0	2,500
<b>Total other financing sources (uses)</b>	<b>71,000</b>	<b>71,000</b>	<b>73,500</b>	<b>2,500</b>
<b>Net changes in fund balances</b>	<b>(330,465)</b>	<b>(330,465)</b>	<b>50,514</b>	<b>380,979</b>
Fund balances - beginning	496,164	496,164	479,290	(16,874)
<b>FUND BALANCES - ENDING</b>	<b>\$165,699</b>	<b>\$165,699</b>	<b>\$529,804</b>	<b>\$364,105</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 131 - FIRE DONATIONS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$20	\$17,109	\$18,388	\$1,279
<b>Total Revenues</b>	<b>20</b>	<b>17,109</b>	<b>18,388</b>	<b>1,279</b>
<b>EXPENDITURES</b>				
Current:				
Security of persons and property	7,400	12,007	855	11,152
Capital outlay	0	11,152	22,304	(11,152)
<b>Total Expenditures</b>	<b>7,400</b>	<b>23,159</b>	<b>23,159</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,380)	(6,050)	(4,771)	1,279
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>(7,380)</b>	<b>(6,050)</b>	<b>(4,771)</b>	<b>1,279</b>
Fund balances - beginning	7,391	9,132	9,133	1
<b>FUND BALANCES - ENDING</b>	<b>\$11</b>	<b>\$3,082</b>	<b>\$4,362</b>	<b>\$1,280</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 135 - PUBLIC UTILITY ASSISTANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
<b>Total Revenues</b>	0	0	0	0
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	0	(298)	(298)	0
<b>Total other financing sources (uses)</b>	0	(298)	(298)	0
<b>Net changes in fund balances</b>	0	(298)	(298)	0
Fund balances - beginning	298	298	298	0
<b>FUND BALANCES - ENDING</b>	<b>\$298</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 601 - PARKS TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$0	\$101,000	\$100,745	(\$255)
<b>Total Revenues</b>	<b>0</b>	<b>101,000</b>	<b>100,745</b>	<b>(255)</b>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	101,000	100,745	(255)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	11,000	11,000	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>11,000</b>	<b>11,000</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>0</b>	<b>112,000</b>	<b>111,745</b>	<b>(255)</b>
Fund balances - beginning	0	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$112,000</b>	<b>\$111,745</b>	<b>(\$255)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 610 - CEMETERY MAINTENANCE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Charges for services	\$10,000	\$10,000	\$8,066	(\$1,934)
Other revenues	14,000	14,000	9,755	(4,245)
<b>Total Revenues</b>	<b>24,000</b>	<b>24,000</b>	<b>17,821</b>	<b>(6,179)</b>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,000	24,000	17,821	(6,179)
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>24,000</b>	<b>24,000</b>	<b>17,821</b>	<b>(6,179)</b>
Fund balances - beginning	556,660	556,660	563,153	6,493
<b>FUND BALANCES - ENDING</b>	<b>\$580,660</b>	<b>\$580,660</b>	<b>\$580,974</b>	<b>\$314</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 620 - DEPOSIT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	0	0	0	0
Fund balances - beginning	0	0	(38,875)	(38,875)
Prior Period Adjustment	0	0	38,875	38,875
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 621 - SPECIAL LIBRARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$200	\$200	\$73	(\$127)
<b>Total Revenues</b>	<b>200</b>	<b>200</b>	<b>73</b>	<b>(127)</b>
<b>EXPENDITURES</b>				
Culture and recreation	100	1,315	1,214	101
<b>Total Expenditures</b>	<b>100</b>	<b>1,315</b>	<b>1,214</b>	<b>101</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100	(1,115)	(1,141)	(26)
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>100</b>	<b>(1,115)</b>	<b>(1,141)</b>	<b>(26)</b>
Fund balances - beginning	11,004	11,004	9,598	(1,406)
<b>FUND BALANCES - ENDING</b>	<b>\$11,104</b>	<b>\$9,889</b>	<b>\$8,457</b>	<b>(\$1,432)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 623 - SISTER CITY COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$15,220	\$15,220	\$19,622	\$4,402
<b>Total Revenues</b>	<b>15,220</b>	<b>15,220</b>	<b>19,622</b>	<b>4,402</b>
<b>EXPENDITURES</b>				
Current:				
Economic environment	24,520	24,520	21,881	2,639
<b>Total Expenditures</b>	<b>24,520</b>	<b>24,520</b>	<b>21,881</b>	<b>2,639</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,300)	(9,300)	(2,259)	7,041
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net changes in fund balances</b>	<b>(9,300)</b>	<b>(9,300)</b>	<b>(2,259)</b>	<b>7,041</b>
Fund balances - beginning	14,102	14,102	16,517	2,415
<b>FUND BALANCES - ENDING</b>	<b>\$4,802</b>	<b>\$4,802</b>	<b>\$14,258</b>	<b>\$9,456</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 211 - L.I.D. FUND CONTROL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other Revenues	\$0	\$336,380	\$408,580	\$72,200
<b>Total Revenues</b>	<b>0</b>	<b>336,380</b>	<b>408,580</b>	<b>72,200</b>
<b>EXPENDITURES</b>				
Current:				
General Government Services	0	360	354	6
Debt Service:				
Principal Retirement	0	465,000	465,000	0
Interest	0	58,530	58,525	5
<b>Total Expenditures</b>	<b>0</b>	<b>523,890</b>	<b>523,879</b>	<b>11</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(187,510)	(115,299)	72,211
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	10,000	10,000	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>
Net change in fund balances	0	(177,510)	(105,299)	72,211
Fund Balances - beginning	0	178,076	181,591	3,515
Prior Period Adjustment	0	0	(1,969)	(1,969)
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$566</b>	<b>\$74,323</b>	<b>\$73,757</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 213 - L.I.D. GUARANTY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other Revenues	\$0	\$16,000	\$18,756	\$2,756
<b>Total Revenues</b>	<b>0</b>	<b>16,000</b>	<b>18,756</b>	<b>2,756</b>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	16,000	18,756	2,756
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	0	(160,000)	(160,000)	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>0</b>
Net change in fund balances	0	(144,000)	(141,244)	2,756
Fund Balances - beginning	0	385,600	389,631	4,031
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$241,600</b>	<b>\$248,387</b>	<b>\$6,787</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 230 - LTGO BOND DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Other revenues	\$0	\$543	\$1,544	\$1,001
<b>TOTAL REVENUES</b>	<b>0</b>	<b>543</b>	<b>1,544</b>	<b>1,001</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	0	144,422	91,938	52,484
Interest	0	52,484	104,968	(52,484)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>196,906</b>	<b>196,906</b>	<b>(0)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(196,363)	(195,362)	1,001
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	62,652	62,652	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>62,652</b>	<b>62,652</b>	<b>0</b>
Net change in fund balances	0	(133,711)	(132,710)	1,001
Fund Balances - beginning	0	133,711	133,711	0
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,001</b>	<b>\$1,001</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FUND 234 - LIMITED TAX G.O. BOND FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	0	75,000	75,000	0
Interest	0	308,360	308,360	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>383,360</b>	<b>383,360</b>	<b>0</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(383,360)	(383,360)	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	383,360	383,360	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>383,360</b>	<b>383,360</b>	<b>0</b>
Net change in fund balances	0	0	0	0
Fund Balances - beginning	0	0	0	0
<b>FUND BALANCES - ENDING</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# FIDUCIARY FUNDS

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds.

**622 State Judicial Agency Fund** - accounts for collection of State traffic violation assessments that are sent to the State to be used for traffic safety, motor vehicle intoxication, and criminal justice training programs on a statewide basis.

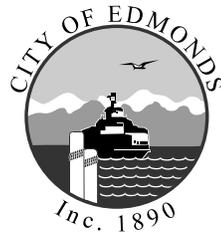
**811 Payroll Clearing Fund** - accounts for receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.

**812 Claims Clearing Fund** - accounts for receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.

**825 All Funds Investment Suspense** - accounts for receipt and disbursement transactions to the Washington State Local Government Investment Pool.

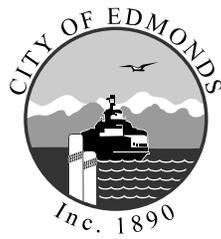
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BALANCE JANUARY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2004
<b><u>FUND 622 - STATE JUEICIAL</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$7,721	\$737,532	\$745,253	\$0
Accounts Receivable - Net	3,821	12,180	16,001	0
<b>TOTAL ASSETS</b>	<b>\$11,542</b>	<b>\$749,712</b>	<b>\$761,254</b>	<b>\$0</b>
<b>LIABILITIES</b>				
Accounts payable	\$0	\$18,189	\$18,189	\$0
Due to other governments	8,095	13,065	21,160	0
Sales/Use tax payable	3,447	18,176	21,623	0
Custodial Accounts	0	349,507	349,507	0
<b>TOTAL LIABILITIES</b>	<b>\$11,542</b>	<b>\$398,937</b>	<b>\$410,479</b>	<b>\$0</b>
<b><u>FUND 811 - PAYROLL CLEARING</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$21,283	\$22,292,992	\$22,314,275	\$0
<b>TOTAL ASSETS</b>	<b>\$21,283</b>	<b>\$22,292,992</b>	<b>\$22,314,275</b>	<b>\$0</b>
<b>LIABILITIES</b>				
Accounts payable	\$21,283	\$22,510,969	\$22,532,252	\$0
<b>TOTAL LIABILITIES</b>	<b>\$21,283</b>	<b>\$22,510,969</b>	<b>\$22,532,252</b>	<b>\$0</b>
<b><u>FUND 812 - CLAIMS CLEARING</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$564,200	\$17,196,411	\$17,760,611	\$0
<b>TOTAL ASSETS</b>	<b>\$564,200</b>	<b>\$17,196,411</b>	<b>\$17,760,611</b>	<b>\$0</b>
<b>LIABILITIES</b>				
Accounts payable	\$564,200	\$17,196,729	\$17,760,929	\$0
<b>TOTAL LIABILITIES</b>	<b>\$564,200</b>	<b>\$17,196,729</b>	<b>\$17,760,929</b>	<b>\$0</b>
<b><u>FUND 825 - ALL FUNDS INVESTMENT SUSPENSE</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$0	\$29,703,597	\$29,703,597	\$0
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$29,703,597</b>	<b>\$29,703,597</b>	<b>\$0</b>
<b>LIABILITIES</b>				
<b>TOTAL LIABILITIES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$593,205	\$69,930,531	\$70,523,736	\$0
Accounts receivable - net	3,821	12,180	16,001	0
<b>TOTAL ASSETS</b>	<b>\$597,026</b>	<b>\$69,942,711</b>	<b>\$70,539,737</b>	<b>\$0</b>
<b>LIABILITIES</b>				
Accounts payable	\$585,484	\$39,725,887	\$40,311,371	\$0
Due to other governments	8,095	13,065	21,160	0
Sales/Use tax payable	3,447	18,176	21,623	0
Custodial accounts	0	349,507	349,507	0
<b>TOTAL LIABILITIES</b>	<b>\$597,026</b>	<b>\$40,106,635</b>	<b>\$40,703,661</b>	<b>\$0</b>



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## STATISTICAL SECTION

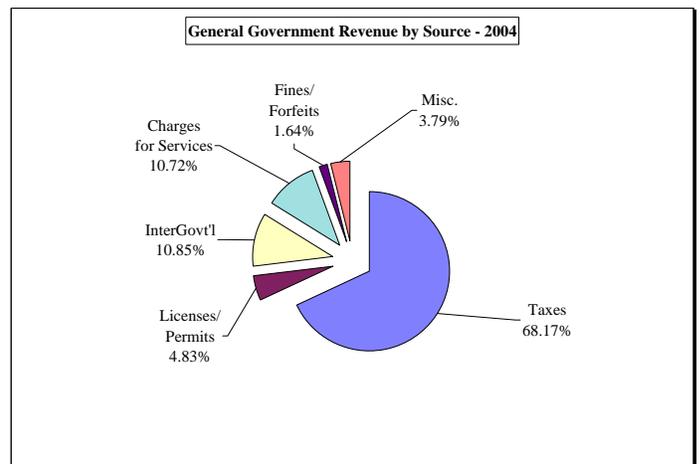
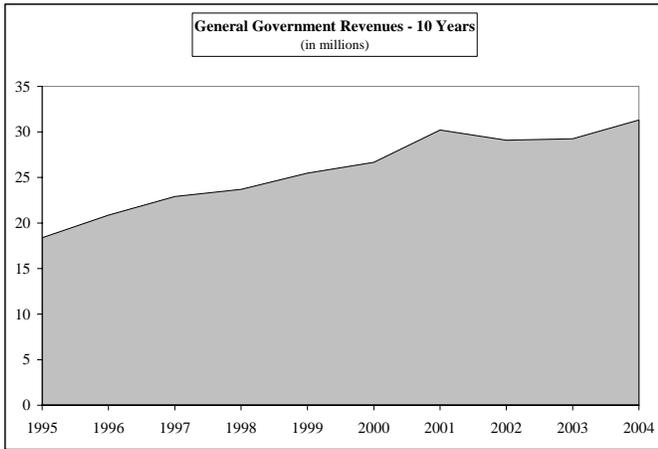


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**GENERAL GOVERNMENTAL REVENUES AND OTHER SOURCES BY SOURCE \***  
Last Ten Fiscal Years

<u>Year</u>	<u>Taxes</u>	<u>Licenses &amp; Permits</u>	<u>Inter-gov'tl Revenue</u>	<u>Charges For Services</u>	<u>Fines &amp; Forfeits</u>	<u>Misc. Revenue</u>	<u>Totals</u>
1995	\$11,041,944	\$300,038	\$4,109,196	\$1,515,545	\$476,540	\$949,872	\$18,393,135
1996	12,541,805	347,666	4,472,089	1,804,065	499,874	1,203,233	20,868,732
1997	14,485,840	475,359	4,480,124	1,860,154	575,259	1,021,116	22,897,852
1998	15,614,196	469,694	4,488,204	1,602,335	573,081	943,114	23,690,624
1999	16,903,621	673,962	4,205,884	2,145,655	560,347	986,645	25,476,114
2000	17,886,787	1,118,165	3,417,691	2,396,435	636,048	1,206,612	26,661,738
2001	18,390,331	982,176	5,432,608	2,467,181	605,263	2,325,811	30,203,370
2002	18,913,446	1,001,635	3,980,529	2,650,359	434,170	2,100,251	29,080,390
2003	19,691,389	1,105,107	4,029,161	2,912,644	47,571	1,455,979	29,241,851
2004	21,342,264	1,512,968	3,397,518	3,355,619	513,611	1,185,965	31,307,945

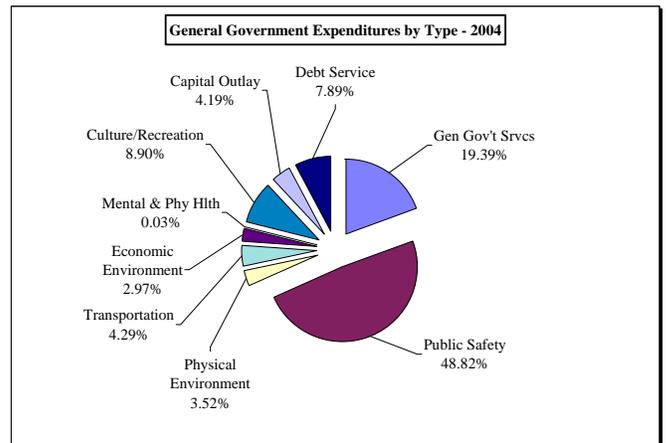
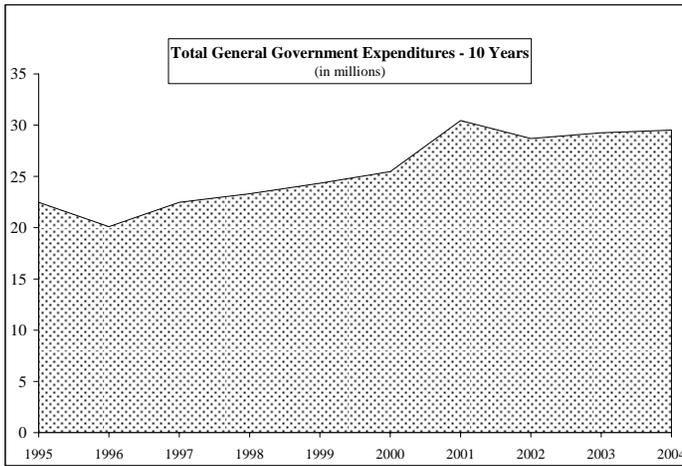
\* Includes General Fund, Special Revenue Funds and Debt Service Funds



**GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION \***  
Last Ten Fiscal Years

<u>Year</u>	<u>General Gov't Services</u>	<u>Security of Persons &amp; Property</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Environment Economic</u>	<u>Mental &amp; Physical Health</u>	<u>Culture &amp; Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Totals</u>
1995	\$4,253,014	\$8,471,146	\$710,686	\$1,234,439	\$464,147	\$334,421	\$2,791,759	\$3,042,779	\$1,168,458	\$22,470,849
1996	3,920,749	8,442,398	667,056	1,536,993	469,047	306,265	2,479,035	1,358,338	930,474	20,110,355
1997	4,253,014	8,471,146	710,686	1,234,439	464,147	334,421	2,791,759	3,042,779	1,168,458	22,470,849
1998	4,409,802	9,360,960	779,416	967,491	511,880	459,032	2,903,992	2,878,338	1,047,297	23,318,208
1999	4,779,062	10,332,966	839,004	994,620	631,626	689,964	3,236,729	1,830,287	1,009,793	24,344,051
2000	4,705,542	10,768,745	861,700	1,060,441	730,446	722,039	3,337,716	2,190,757	1,101,013	25,478,399
2001	5,752,749	11,694,882	923,307	1,294,678	776,586	732,871	3,452,410	5,091,088	739,616	30,458,187
2002	5,927,313	12,227,213	934,018	1,231,487	784,183	979,639	2,492,393	2,491,218	1,626,836	28,694,300
2003	5,471,678	13,707,020	871,693	1,487,633	761,550	7,642	2,576,333	2,506,528	1,870,762	29,260,841
2004	5,724,465	14,411,608	1,040,113	1,266,838	877,816	8,468	2,626,855	1,237,149	2,329,291	29,522,603

\* Includes General Fund, Special Revenue Funds and Debt Service Funds



**ASSESSED VALUATION, PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Fiscal Years

<u>Year</u>	<u>Assessed Valuation*</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Levy Collections</u>	<u>Delinquent Tax Collections</u>	<u>% of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Levy</u>
1995	\$2,175,022,416	\$5,017,657	\$4,961,266	98.88%	\$101,982	100.91%	\$170,176	3.39%
1996	2,416,356,778	5,568,006	5,460,054	98.06%	114,815	100.12%	179,348	3.22%
1997	2,641,482,032	7,186,340	7,024,659	97.75%	136,399	99.65%	217,784	3.03%
1998	2,668,908,479	7,543,925	7,339,627	97.29%	201,662	99.97%	278,464	3.69%
1999	2,841,059,132	8,416,688	8,146,757	96.79%	168,679	98.80%	269,932	3.21%
2000	3,208,755,952	9,333,601	9,142,301	97.95%	275,587	100.90%	388,087	4.16%
2001	3,261,044,413	9,528,000	9,540,961	100.14%	65,367	100.82%	429,825	4.51%
2002	3,348,388,884	9,920,195	9,836,863	99.16%	26,003	99.42%	478,285	4.82%
2003	4,465,519,067	10,203,659	9,986,122	97.87%	256,991	100.39%	368,157	3.61%
2004	4,819,291,927	10,978,476	10,718,851	97.64%	227,853	99.71%	350,742	3.19%

\* Assessed Valuation approximates actual value.

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING**  
**(PER \$1,000 OF ASSESSED VALUE)**  
 Last Ten Fiscal Years

<u>Year</u>	<u>City</u>	<u>County</u>	<u>School</u>		<u>Other Overlapping Rates</u>			<u>Total</u>
			<u>State</u>	<u>Local</u>	<u>Library</u>	<u>Port</u>	<u>Hospital</u>	
1995	2.31	1.33	3.49	4.19	0.00	0.25	0.26	11.83
1996	2.30	1.33	3.38	4.06	0.00	0.24	0.23	11.54
1997	2.72	1.44	3.62	4.18	0.00	0.24	0.24	12.44
1998	2.83	1.49	3.58	4.12	0.00	0.24	0.38	12.64
1999	2.98	1.53	3.52	4.93	0.00	0.23	0.38	13.57
2000	2.94	1.48	3.50	4.55	0.00	0.21	0.34	13.02
2001	2.96	1.48	3.40	4.53	0.00	0.05	0.34	12.76
2002	3.01	1.43	3.29	4.52	0.47	0.06	0.27	13.05
2003	3.07	1.83	3.40	3.18	0.46	0.09	0.36	13.80
2004	2.47	1.75	3.50	2.95	0.50	0.07	0.27	11.51

**PRINCIPAL TAXPAYERS**

December 31, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Equity Residential	Apartment Complex	\$ 22,933,800	0.51%
Park 212 Apt LLC	Apartment Complex	14,625,000	0.33%
Liebow, Todd S	Top Foods	11,603,300	0.26%
Point Edwards LLC	Condominium Complex	9,717,700	0.22%
Briar Development Co.	Housing Development	9,533,400	0.21%
Edmonds Retirement Com LLC	Retirement Home	9,393,100	0.21%
Stevens Medical LLC	Medical Offices	8,804,000	0.20%
Harbor Square Assoc	Retail	8,200,300	0.18%
Pacific Park Apt LLC	Apartment Complex	8,145,100	0.18%
Franklin-Edmonds LLC	Vacant	7,576,800	0.17%
Shurgard	Storage Facility	7,472,900	0.17%
Michel, Robin W & Karen	Construction Company	7,220,300	0.16%
Puget Sound Energy/Gas	Utility Company	6,684,952	0.15%
P Salamonsen Const. Co.	Construction Company	6,246,314	0.14%
Verizon Northwest Inc	Telephone Company	6,137,079	0.14%
Park Edmonds Apt LLC	Apartment Complex	5,815,400	0.13%
Total Assessed Valuation - Largest Taxpayers		150,109,445	3.36%
Total Assessed Valuation - All Other		4,315,409,622	96.64%
Total Assessed Value		\$4,465,519,067	100.00%

Source: Snohomish County Assessor records

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2004

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Edmonds</u>	<u>Amount Applicable to Edmonds</u>
City of Edmonds	<u>\$24,685,000</u>	100.00%	<u>\$24,685,000</u>
Total Direct Debt	<u>\$24,685,000</u>	100.00%	<u>\$24,685,000</u>
Local School	190,303,329	30.48%	58,006,847
County	340,437,775	8.26%	28,137,024
Hospital	11,645,000	30.57%	3,560,446
Port	3,695,000	85.01%	3,140,999
Library	<u>0</u>	11.91%	<u>0</u>
Total Overlapping Debt	<u>546,081,104</u>	17.00%	<u>92,845,316</u>
Total Direct and Overlapping Debt	<u>\$570,766,104</u>	20.59%	<u>\$117,530,316</u>

**REVENUE BOND COVERAGE**  
**WATER AND SEWER BONDS**  
 Last Ten Fiscal Years

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirement</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1995	\$9,766,350	\$6,613,607	\$3,152,743	\$925,000	\$878,755	\$1,803,755	1.75%
1996	9,429,268	6,736,909	2,692,359	745,000	824,848	1,569,848	1.72%
1997	9,157,622	5,956,653	3,200,969	800,000	784,110	1,584,110	2.02%
1998	9,668,350	6,912,474	2,755,876	850,000	750,906	1,600,906	1.72%
1999	9,303,186	6,902,925	2,400,261	1,220,000	663,618	1,883,618	1.27%
2000	10,374,772	7,809,483	2,565,289	1,015,000	610,608	1,625,608	1.58%
2001	9,998,432	7,796,720	2,201,712	940,000	558,068	1,498,068	1.47%
2002	10,875,368	8,169,783	2,705,585	1,029,724	576,239	1,605,963	1.68%
2003	11,820,916	8,527,717	3,293,199	1,105,000	257,825	1,362,825	2.42%
2004	11,598,339	9,162,022	2,436,317	1,192,363	310,329	1,502,692	1.62%

(1) Includes operating and non-operating revenue.

(2) Excludes depreciation.

**SPECIAL ASSESSMENTS COLLECTION**  
Last Ten Fiscal Years

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
1995	\$29,002	\$25,310	87.27%	\$237,853
1996	43,234	37,562	86.88%	339,105
1997	26,701	26,365	98.74%	159,525
1998	23,954	21,460	89.59%	119,506
1999	19,208	18,780	97.77%	78,963
2000	10,937	9,373	85.70%	51,158
2001	8,649	6,108	70.62%	2,223,931
2002	120,407	117,627	97.69%	1,586,531
2003	91,270	492,382	539.48%	1,094,034
2004	77,111	273,271	354.39%	820,763

## COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2004

Total Taxable Property Value	\$4,819,291,927	
(1) 2.5% Limit for General Purposes is allocated between (2) councilmanic and (8) voted	120,482,298	
(2) <i>Up to 1.5% debt without a vote (councilmanic)</i>		72,289,379
(3) Less: outstanding debt		(15,990,000)
(4) Less: contracts payable		(5,602,104)
(5) Less: excess of debt with a vote		0
(6) Add: available assets		350,743
<b>(7) Equals: remaining debt capacity without a vote</b>		<b>51,048,018</b>
(8) <i>1% general purposes debt with a vote</i>		48,192,919
(9) Less: outstanding debt		(8,395,000)
(10) Less: contracts payable		(9,196)
(11) Add: available assets		0
<b>(12) Equals: remaining debt capacity with a vote</b>		<b>39,788,723</b>
(13) 2.5% Utility purpose limit, voted	120,482,298	
(14) Less: outstanding debt		0
(15) Less: contracts payable		0
(16) Add: available assets		0
<b>(17) Equals: remaining debt capacity - utility purposes, voted</b>		<b>120,482,298</b>
(18) 2.5% Open space, park and capital facilities, voted	120,482,298	
(19) Less: outstanding debt		0
(20) Less: contracts payable		0
(21) Add: available assets		0
<b>(22) Equals: remaining debt capacity - open space and capital facilities, voted</b>		<b>120,482,298</b>

**RATIO OF NET GENERAL BONDED DEBT TO  
ASSESSED VALUE (AV) AND NET BONDED DEBT PER CAPITA**  
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Assessed Value in Thousands</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio Net Bonded Debt to AV</u>	<u>Net Bonded Debt per Capita</u>
1995	31,310	\$2,175,022	\$7,995,000	\$0	\$7,995,000	0.37%	\$255
1996	35,480	2,416,356	16,770,000	0	16,770,000	0.69%	473
1997	38,610	2,641,482	16,260,000	0	16,260,000	0.62%	421
1998	38,610	2,668,908	16,160,000	0	16,160,000	0.61%	419
1999	38,610	2,841,059	15,365,000	0	15,365,000	0.54%	398
2000	39,544	3,208,756	14,525,000	0	14,525,000	0.45%	367
2001	39,590	3,261,044	19,275,000	0	19,275,000	0.59%	487
2002	39,460	3,318,312	25,505,000	0	25,505,000	0.77%	646
2003	39,580	3,320,328	25,440,000	0	25,440,000	0.77%	643
2004	39,620	4,465,519	24,685,000	0	24,685,000	0.55%	623

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**  
Last Ten Fiscal Years

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1995	\$290,000	\$195,810	\$485,810	\$22,428,554	2.17%
1996	500,000	399,508	899,508	20,110,355	4.47%
1997	510,000	416,035	926,035	22,470,849	4.12%
1998	520,000	369,560	889,560	23,318,208	3.81%
1999	595,000	300,927	895,927	24,334,051	3.68%
2000	615,000	273,898	888,898	25,478,399	3.49%
2001	555,000	730,268	1,285,268	30,458,187	4.22%
2002	780,000	740,164	1,520,164	28,694,300	5.30%
2003	955,000	937,461	1,892,461	29,260,841	6.47%
2004	1,055,000	1,050,785	2,105,785	29,522,603	7.13%

**DEMOGRAPHIC STATISTICS**  
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>		<u>Education Level or Years of Formal Schooling (2)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (3)</u>
1995	31,310	22,495	33.9	(4)	13.1	4,729	3.3%
1996	35,480	23,596	33.9		13.1	4,582	2.7%
1997	38,610	24,800	33.9	(4)	13.1	4,582	3.0%
1998	38,610	24,800	33.9		13.1	4,828	3.7%
1999	38,610	24,800	33.9		13.1	4,828	3.7%
2000	39,544	28,105	42		13.1	4,600	3.9%
2001	39,590	31,410	42		13.1	4,600	5.39%
2002	39,460	31,410	42		13.1	5,184	6.80%
2003	39,580	30,076	42		13.1	5,184	6.80%
2004	39,620	30,076	42		13.1	5,184	5.77%

(1) Per Capita income for Snohomish County based on U. S. Census Bureau statistics and Washington State Office of the Forecast Council.

(2) Based on the 2000 Census Bureau figures.

(3) Washington State annual average based on the State of Washington Employment Security Department statistics.

(4) Based on the 2000 Census Bureau Statistics

**PROPERTY VALUE AND CONSTRUCTION**

Last Ten Fiscal Years

<u>Year</u>	<u>Commercial Construction*</u>		<u>Residential Construction*</u>		<u>Commercial</u>	<u>Residential</u>	<u>Non-Taxable</u>
	<u># of Buildings</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>			
1995	3	\$3,535,684	88	\$15,527,053	\$445,879,595	\$1,729,142,821	\$209,362,600
1996	5	3,870,493	52	10,466,171	495,353,139	1,921,003,639	230,273,700
1997	2	773,770	64	14,307,139	503,784,911	2,137,697,121	247,644,270
1998	21	9,300,495	63	15,021,441	513,085,406	2,155,823,073	247,644,270
1999	20	15,816,327	59	13,665,755	528,901,733	2,169,488,828	247,644,270
2000	9	2,656,341	88	28,718,066	531,558,074	2,198,206,894	247,705,090
2001	3	2,314,258	69	22,535,767	533,872,332	2,220,742,661	247,705,090
2002	14	13,707,180	83	19,930,165	547,579,512	2,240,672,826	249,439,777
2003	8	6,501,153	65	17,362,916	554,080,665	2,258,035,742	249,439,777
2004	14	28,264,146	106	29,639,200	582,344,811	2,287,674,942	249,439,777

\* Source: Building Permit Applications

**MISCELLANEOUS STATISTICS**

December 31, 2004

Date of Incorporation	1890
Form of Government	Council - Mayor
Area	9 Square Miles
Miles of Streets	134.46
Number of Street Lights	2580
Fire Protection :	
Number of Stations	3
Number of Firefighters, Paramedics and Officers (exclusive of volunteer firemen)	52
Police Protection :	
Number of Stations	1
Number of Policemen and Officers	52
Crime Prevention	1
Administrative Supervisor	1
Stevens Hospital Security Officers	6
Education:	
Elementary	
Number of Schools	8
Number of Classrooms	188
Number of Teachers	207.9
Number of Students	2,184
High School - Edmonds/Woodway	
Number of Classrooms	70
Number of Teachers	134.9
Number of Students	1,728
Municipal Water Department :	
Number of Consumers	9,840
Average Daily Consumption	3,648,158
Miles of Water Mains	138
Sewers :	
Miles Sanitary Sewers	186.31
Miles Storm Sewers	120
Building Permits Issued	1151
Recreation and Culture :	
Number of Parks (Includes 3 County Parks)	60 with 487.8 acres
Number of Libraries	1
Number of Volumes	112,434
Full-time Employees :	
Classified Service	204
Exempt	43

# SINGLE AUDIT SECTION



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**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**

For the Year Ended December 31, 2004

1	2	3	4
Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures
<b>U.S. Department of Justice:</b>			
Bulletproof Vest Partnership	16.607	N/A	1,979
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<b>\$1,979</b>
<b>Wash. State Traffic Safety Commission:</b>			
Click-it or Ticket	20.604		2,500
Drive Hammered, Get Nailed	20.601		4,761
Corridor Traffic Safety	20.604		2,095
Intense Traffic Safety Enforcement	20.604		2,523
Radar/Holster	20.601		2,521
<b>TOTAL WASHINGTON STATE TRAFFIC</b>			<b>\$14,401</b>
<b>Office of Community Development</b>			
OAHP Grant	15.904	FY03-61003-025	13,660
<b>TOTAL CTED GRANT</b>			<b>\$13,660</b>
<b>Pass-through program from</b>			
<b>Wash. State Dept of Transportation:</b>			
Multi Modal	20.205	STPU0104(019)	126,234
76th Ave W Street Overlay	20.205	STPUL-2511(003)	102,114
Fire Station #20 Emergency Signal	20.205	STPH0365(001)	73,861
Fire Station #16 Emergency Signal	20.205	STPH0365(002)	31,839
Shellabarger Creek/5th Ave ER	20.205	ER-0401(037)	63,679
<b>TOTAL DEPT OF TRANSPORTATION</b>			<b>\$397,726</b>
<b>Military Department</b>			
Disaster Assistance	10-452		\$2,681
<b>TOTAL MILITARY DEPARTMENT</b>			<b>\$2,681</b>
<b>Snohomish County</b>			
Community Development Block Grants	14.228		\$28,450
<b>TOTAL SNOHOMISH COUNTY</b>			<b>\$28,450</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$458,897</b>

**SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE**  
For the Year Ended December 31, 2004

1	2	3	4
Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures
<b>WA State Department of Ecology:</b> Local Toxics Control	None	G0400151	22,080
<b>TOTAL DEPARTMENT OF ECOLOGY</b>			<b>22,080</b>
<b>Department of Transportation</b> 96th Ave Pedestrian Improvement Project Transportation Impact Account	None None	TIB9-P-139(I01)-1	6,686 13,164
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<b>19,849</b>
<b>WA State Admin Office Courts Grant</b> AOC Grant/Equipment Replacement	None		1,586
<b>TOTAL WA STATE ADMIN OFFICE COURTS GRANT</b>			<b>1,586</b>
<b>WA State Arts Commission</b> WSAC Grant FY2005 WSAC Grant	None	N/A	1,000 115
<b>TOTAL ARTS COMMISSION</b>			<b>1,115</b>
<b>Community, Trade &amp; Economic Dev</b> Growth Management Program	None	1030	17,000
<b>TOTAL COMMUNITY, TRADE &amp; ECON</b>			<b>17,000</b>
Office of EMS & Trauma System	None	70.168	1,200
<b>TOTAL DEPARTMENT OF HEALTH</b>			<b>1,200</b>
<b>Military Department</b> Disaster Assistance FEMA			554
<b>TOTAL FEMA</b>			<b>554</b>
<b>TOTAL STATE ASSISTANCE</b>			<b>63,384</b>
City of Lynnwood	None	N/A	21,865
<b>TOTAL LOCAL ASSISTANCE</b>			<b>21,865</b>
<b>TOTAL STATE AND LOCAL ASSISTANCE</b>			<b>85,249</b>

**CITY OF EDMONDS, WASHINGTON**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE**  
For the Year Ended December 31, 2004

**NOTE 1 – BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the City of Edmonds's financial statements. The City uses the modified accrual accounting method which is followed in all government funds, expendable trust, and agency funds. This method records revenues when susceptible to accrual, i.e., both measurable and available (available meaning collectible within the current period or soon enough thereafter to pay current liabilities).

Revenues from cost reimbursement grants are considered earned and therefore available when the expenditure is incurred, in accordance with NCGA Statement 2.

**NOTE 2 – PROGRAM COSTS**

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

**NOTE 3 – REVOLVING LOAN – PROGRAM INCOME**

Not applicable (N/A). The City has no revolving loans.

**NOTE 4 – FEDERAL LOANS**

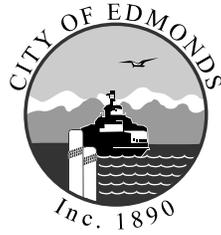
Not applicable (N/A). The City has no federal loans.

**NOTE 5 – NONCASH AWARDS**

Not applicable (N/A). The City has no non-cash awards.

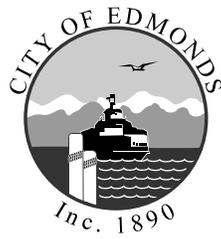
**NOTE 6 - 2004 CORRECTION**

\$63,679 for Shellabarger Creek/5<sup>th</sup> Ave ER is for 2003 expenditures with the grant applied for and received in 2004.



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## SUPPLEMENTAL SCHEDULES



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**SCHEDULE OF LONG-TERM DEBT**  
For the Year Ended December 31, 2004

GENERAL OBLIGATION DEBT									
I.D. NO. AND CLASS DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
1995 LTGO BONDS	594.19.61	07/01/95	12/01/14	3.90/5.80	\$5,000,000	\$485,000	\$0	\$235,000	\$250,000
	594.19.62								
1996 UTGO BONDS	594.19.61	08/01/96	12/01/16	5.50/5.60	9,275,000	1,895,000	0	340,000	1,555,000
	594.19.62								
1998 LTGO REFUNDING BONDS	594.76.65	12/01/98	12/01/14	4.00/4.40	4,480,000	4,215,000	0	125,000	4,090,000
	594.19.61								
2001 LTGO BONDS	594.19.61	09/01/01	12/01/21	3.00/4.90	3,045,000	2,835,000	0	110,000	2,725,000
	594.19.62								
2001 LTGO BONDS, Series B	594.76.65	12/15/01	12/01/21	2.65/5.45	2,260,000	2,115,000	0	80,000	2,035,000
2002 LTGO BONDS	594.19.61	11/13/02	12/01/26	3.00/4.90	7,015,000	6,965,000	0	75,000	6,890,000
2003 UTGO BONDS	594.19.61	07/01/03	12/01/16	2.00/3.50	7,000,000	6,930,000	0	90,000	6,840,000
	594.19.62								
PUBLIC WORK TRUST LOAN (1)		2002	2022	0.5	340,000	255,000	0	13,421	241,579
PUBLIC WORK TRUST LOAN (1)		2004	2024	0.5	400,000	0	80,000	0	80,000
1996 FIRE STATION NO. 10 BOND	591.78.00	01/01/96	01/01/15	1.00	1,136,115	742,311	0	58,530	683,781
CAPITAL PURCHASE OF 2 FIRE TRUCKS	591.78.00	10/31/98	04/30/04	4.91	587,166	107,606	0	107,606	0
PURCHASE OF LADDER FIRE TRUCK	591.78.00	10/31/98	06/30/04	4.91	674,153	140,429	0	140,429	0
SNO. CNTY CONTRACT/RADIO EQUIP.	525.40.00	12/01/99	12/01/19	4.75/6.00	1,884,794	1,644,532	0	68,851	1,575,681
<b>TOTAL GENERAL OBLIGATION DEBT</b>					<b>\$43,097,228</b>	<b>\$28,329,879</b>	<b>\$80,000</b>	<b>\$1,443,837</b>	<b>\$26,966,042</b>

REVENUE DEBT									
I.D. NO. AND CLASS DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
1998 WATER/SEWER REFUNDING BONDS	501.38.62	03/01/98	12/01/13	4.00-4.85	\$2,420,000	\$2,140,000	\$0	\$160,000	\$1,980,000
	501.38.63								
2003 WATER/SEWER REFUNDING BONDS	501.38.62	04/01/03	12/01/22	2.00/4.45	7,875,000	6,920,000	0	965,000	5,955,000
	501.38.63								
PUBLIC WORK TRUST LOAN (1)	501.38.63	2002	2022	0.5	1,347,250	654,075	625,813	67,363	1,212,525
PUBLIC WORK TRUST LOAN (1)	501.38.63	2004	2024	0.5	408,000	0	81,600	0	81,600
PUBLIC WORK TRUST LOAN (1)	501.38.63	2004	2024	0.5	605,625	0	121,125	0	121,125
<b>TOTAL REVENUE DEBT</b>					<b>\$12,655,875</b>	<b>\$9,714,075</b>	<b>\$828,538</b>	<b>\$1,192,363</b>	<b>\$9,350,250</b>

SPECIAL ASSESSMENT DEBT									
I.D. NO. AND CLASS DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INT. RATES	ORIGINAL AMOUNT ISSUED	BALANCE 01/01/04	ISSUED IN CURRENT YEAR	REDEEMED IN CURRENT YEAR	BALANCE 12/31/04
SEWER LID BONDS 213	535.80.00	08/01/93	08/01/03	3.4/5.5	\$340,943	\$15,000	\$0	\$15,000	\$0
SEWER LID BONDS 215/216	535.80.00	12/01/01	12/01/16	2.75/5.75	2,252,150	1,070,000	0	450,000	620,000
<b>TOTAL SPECIAL ASSESSMENT DEBT</b>					<b>\$2,593,093</b>	<b>\$1,085,000</b>	<b>\$0</b>	<b>\$465,000</b>	<b>\$620,000</b>

(1) Amount entered in "Original Amount Issued" field reflects total amount of loan authorized.

**SCHEDULE OF LIMITATION OF INDEBTEDNESS**  
**As of December 31, 2004**

Total Taxable Property Value	\$ 4,819,291,927	
(1) 2.5% Limit for General Purposes is allocated between		
(2) councilmanic and (8) voted	120,482,298	
(2) <i>Up to 1.5% debt without a vote (councilmanic)</i>		72,289,379
(3) Less: outstanding debt		(15,990,000)
(4) Less: contracts payable		(5,602,104)
(5) Less: excess of debt with a vote		0
(6) Add: available assets		350,743
<b>(7) Equals: remaining debt capacity without a vote</b>		<b>51,048,018</b>
(8) <i>1% general purposes debt with a vote</i>		48,192,919
(9) Less: outstanding debt		(8,395,000)
(10) Less: contracts payable		(9,196)
(11) Add: available assets		0
<b>(12) Equals: remaining debt capacity with a vote</b>		<b>39,788,723</b>
(13) 2.5% Utility purpose limit, voted	120,482,298	
(14) Less: outstanding debt		0
(15) Less: contracts payable		0
(16) Add: available assets		0
<b>(17) Equals: remaining debt capacity - utility purposes, voted</b>		<b>120,482,298</b>
(18) 2.5% Open space, park and capital facilities, voted	120,482,298	
(19) Less: outstanding debt		0
(20) Less: contracts payable		0
(21) Add: available assets		0
<b>(22) Equals: remaining debt capacity - open space and capital facilities, voted</b>		<b>120,482,298</b>

**LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES**  
**For the year ended December 31, 2004**

1. Total current public work construction budget as amended (annual or biennial as applicable)	<u>15,071,935.00</u>
2. Allowable portion of total public works (10 percent of line 1)	<u>1,507,193.50</u>
3. Less: Amount (if any) in excess of permitted amount from prior budget period	<u>0</u>
4. Total allowable public works (line 2 minus line 3)	<u>1,507,193.50</u>
5. Total public works projects performed by public employees during the current year (include work performed by a county)	<u>68,799.41</u>
6. If this is the second year of a biennial budget, total public works projects performed by public employees during the first year of biennium	<u>N/A</u>
7. Restricted under (over) allowable (line 4 minus line 5 minus line 6)	<u><u>1,438,394.09</u></u>

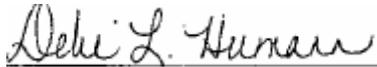
**LABOR RELATIONS CONSULTANTS  
For the year ended December 31, 2004**

Has your government engaged labor relations consultants?    Yes

If yes, please provide the following information for each consultant(s):

<b>Name of Firm</b>	Summit Law Group
<b>Name of Consultant</b>	Rod Younker
<b>Business Address</b>	315 Fifth Avenue South - Suite 1000, Seattle, WA 98104
<b>Amount Paid to Consultant During Fiscal Year</b>	\$15,707.82
<b>Terms and Conditions</b>	\$225/hour
<b>Services Provided</b>	Assisted with the negotiation process for Fire, Police, Law Support, Teamsters and SEIU.

Certified correct this 13<sup>th</sup> day of April, 2005 to the best of my knowledge and belief:



Debi L. Humann  
Human Resources Manager

Special thanks to the CAFR team who produced this document and who have substantially up-graded and improved the City's annual reporting process:

Kathleen Junglov  
Deb Sharp  
Scott James  
Lori Cress

Thank You!  
*Dan Clements*

