



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

**CITY OF EVERETT,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2011

**CHIEF FINANCIAL OFFICER
DEBRA BRYANT**

PREPARED BY

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TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Table of Contents	i
Letter of Transmittal	1
Principal Officials.....	5
Organization Chart.....	6
Certificate of Achievement for Excellence in Financial Reporting	7
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	9
Management's Discussion and Analysis	11
<i><u>Basic Financial Statements</u></i>	
Government Wide Financial Statements:	
Statement of Net Assets	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Balance Sheet – Proprietary Funds	32
Statement of Revenues, Expenses, and Changes in Fund Equity – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds.....	34
Statement of Fiduciary Net Assets – Fiduciary Funds	36
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	37
Notes to the Financial Statements.....	38
<i><u>Required Supplementary Information</u></i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund.....	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Capital Improvement Reserve Fund	84
Note A – Explanation of Difference between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures	85
Pension Funds.....	86
Other Post Employment Benefit Funds	87
<i><u>Combining and Individual Fund Statements and Schedules</u></i>	
Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	90
Combining Balance Sheet – Nonmajor Special Revenue Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	95
Combining Balance Sheet – Nonmajor Debt Service Funds.....	99

<u>FINANCIAL SECTION (continued)</u>	<u>PAGE</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	100
Combining Balance Sheet – Nonmajor Capital Project Funds	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	103
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Parks & Recreation Fund	105
Library Fund.....	106
Community Theater Fund	107
Conference Center Fund.....	108
General Government Special Projects Fund.....	109
Street Improvement Fund	110
Streets Fund	111
Motor Vehicle Equipment Replacement Fund.....	112
Motel Tax Fund	113
Downtown Improvement Fund	114
Cumulative Reserve Real Property Acquisition Fund	115
Property Management Fund	116
Cumulative Reserve Parks Fund	117
Senior Center Reserve Fund	118
Animals Fund.....	119
Cumulative Reserve Library Fund.....	120
Emergency Medical Services Fund.....	121
Real Estate Excise Tax Fund.....	122
Criminal Justice Fund.....	123
Traffic Mitigation Fund.....	124
Contingency Reserve Fund.....	125
CHIP Loan Program Fund.....	126
Community Development Block Grants Fund	127
Bond Redemption Fund	128
LID Guaranty Fund	129
Consolidated LID Bond Redemption Fund.....	130
 Proprietary Funds:	
Combining Balance Sheet – Nonmajor Enterprise Funds.....	131
Combining Statement of Revenues, Expenses, and Changes in Fund Equity – Nonmajor Enterprise Funds	132
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	133
Combining Balance Sheet – Internal Service Funds.....	135
Combining Statement of Revenues, Expenses, and Changes in Fund Equity – Internal Service Funds	137
Combining Statement of Cash Flows – Internal Service Funds	139
 Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets – Trust Funds.....	141
Combining Statement of Fiduciary Net Assets – Agency Funds.....	142
Combining Statement of Changes in Fiduciary Net Assets –Trust Funds.....	143
Statement of Changes in Assets and Liabilities – Agency Funds	144

<u>STATISTICAL SECTION</u>	<u>PAGE</u>
Statistical Section Overview	145
Financial Trends:	
Net Assets by Component – Last Nine Fiscal Years.....	146
Changes in Net Assets – Last Nine Fiscal Years.....	147
Fund Balances of Governmental Funds – Last Ten Fiscal Years	150
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	151
General Governmental Tax Revenues by Source - Last Ten Fiscal Years.....	152
Revenue Capacity:	
Water Produced and Consumed & Wastewater Treated – Last Ten Fiscal Years.....	153
Annual Tap Sales - Last Ten Fiscal Years	154
Number of Water and Sewer Customers by Type - Last Ten Fiscal Years.....	155
Water and Sewer Rates – Last Ten Fiscal Years	156
Largest Water/Sewer Customers – Current Year and Nine Years Ago.....	157
Taxable Assessed Value and Estimated Actual Value of Property – Last Ten Fiscal Years.....	158
Property Tax Levies and Collections - Last Ten Fiscal Years	159
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	160
Principal Property Tax Payers – Current Year and Nine Years Ago	161
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	162
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	163
Direct and Overlapping Governmental Activities Debt	164
Legal Debt Margin Information – Last Ten Fiscal Years	165
Pledged-Revenue Coverage – Last Ten Fiscal Years	166
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years	167
Principal Employers – Current Year and Five Years Ago	169
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	170
Operating Indicators by Function/Program – Last Seven Fiscal Years	171
Capital Asset Statistics by Function/Program – Last Seven Fiscal Years.....	174
 <u>SINGLE AUDIT SECTION</u>	
Schedule of Expenditures of Federal Awards.....	177
Schedule of State and Local Financial Assistance	179
Notes to the Schedule of Expenditures of Federal Awards and State/Local Financial Assistance	180



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June 27, 2012

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

Dear Mayor Stephanson and City Council Members:

The City of Everett Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011, is hereby submitted.

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

The City's financial statements have been audited by the Washington State Auditor's Office. The independent auditor issued an unqualified ("clean") opinion that the City of Everett's financial statements, for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

THE CITY OF EVERETT AND ITS SERVICES

The City of Everett was incorporated on May 4, 1893. Located at the mouth of the Snohomish River, Everett is 28 miles north of Seattle and 85 miles south of the Canadian border. The City, built along the

shores of Port Gardner Bay, encompasses roughly 42 square miles of land and is bordered by 10 miles of freshwater and 11 miles of saltwater shoreline. The City currently serves a population of 103,100

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

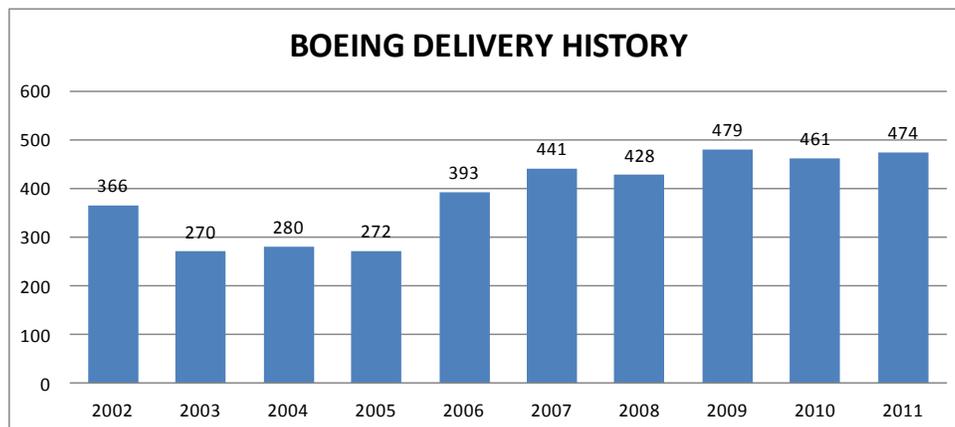
The City also includes, as part of its reporting entity, the Industrial Development Corporation, a nonprofit corporation authorized to facilitate the issuance of tax-exempt, nonrecourse revenue bonds, and the Everett Public Facilities District (EPFD), a municipal corporation of the State of Washington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

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

LOCAL ECONOMY

Though there are definite signs of improvement, the pace of the Puget Sound Region's economic recovery remains slow. The weak housing market and layoffs in the public sector continue to create headwinds against a stronger rate of growth. In 2012, economists predict that the region's taxable retail sales, employment, and personal income will grow by 4.9 percent, 1.6 percent, and 5.1 percent, respectively.

The Boeing Company, along with ancillary companies that provide goods and services to Boeing, has long played an important role in the local economy. Consequently, Boeing's production cycle has a significant impact on both City revenues and the state of the local business community. The chart below illustrates the historical volatility of Boeing's airplane deliveries. Boeing delivered 13 more planes in 2011 than in 2010.



The much-anticipated deliveries of the first 787 Dreamliner and next generation 747 occurred in the 3rd and 4th quarters of 2011. Deliveries of planes from the Everett plant are expected to increase substantially as the company continues to ramp up production. The successful negotiation of Boeing's labor contract with the machinists' union provides an encouraging indication of the company's long-term presence in the region.

At Naval Station Everett, the USS Nimitz replaced the USS Abraham Lincoln in March of 2012.

LONG-TERM FINANCIAL PLANNING

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

The city suspended contributions to the LEOFF 1 police and fire pension and OPEB (other post employment benefits) funds to assist in balancing the 2011 budget. With this action, we still expect these funds to be fully funded by 2024 – three decades before obligations are complete.

In 2011, the city issued \$51 million in water and sewer revenue bonds to finance capital improvements to the city's water and sewer system. Repayment will be from user fees.

RELEVANT FINANCIAL POLICIES

City policy requires the regular monitoring and reporting of revenues and expenditures to Administration and City Council. This regular monitoring allowed the city to take proactive measures as the recession continued to negatively impact revenues in 2011. Mid-year, the city requested departments to cut back on spending in preparation for the continued economic downturn. The majority of those spending cutbacks were made permanent in the City's budget forecasting model.

The city continues to adhere to its General Government Fund Balance Policy, adopted in 2004, that limits annual operating expenses to annual operating revenues, and targets the General Government Fund balance at 20 percent of the annual revenue forecast. Part of this policy states that revenues in excess of operating expenditures may be transferred to a capital reserve, long term obligation, or debt service fund. Because departments succeeded in curbing expenditures, the city was able to follow this policy and pre-fund three of its reserve funds for 2012 - \$576,400 for the Facilities Reserve, \$589,700 for the Vehicle Replacement Reserve, and \$942,000 for the Self-Insurance Reserve.

MAJOR INITIATIVES

Work continues to bring a four-year university to Everett. City leaders were successful in obtaining legislative approval in the 2011 legislative session for WSU to assume administration of University Center of North Puget Sound (EvCC) within the next three years. In 2012, WSU was directed by the legislature to increase its investments in engineering programming at Pullman, Bremerton and Everett thus allowing Everett to double its initial classes scheduled for September 2012 and September 2013. WSU also received capital funding for equipment at all three sites.

Construction of the new municipal court will be complete in late 2012. The new \$8 million building will provide additional capacity for court operations.

Construction will begin in 2012 to replace the Broadway bridge.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Everett for its comprehensive annual financial report for the year ended December 31, 2010. This was the 14th consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of achievement, the city must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Debra Bryant". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Debra Bryant, CAO-CFO

**CITY OF EVERETT
PRINCIPAL OFFICIALS**

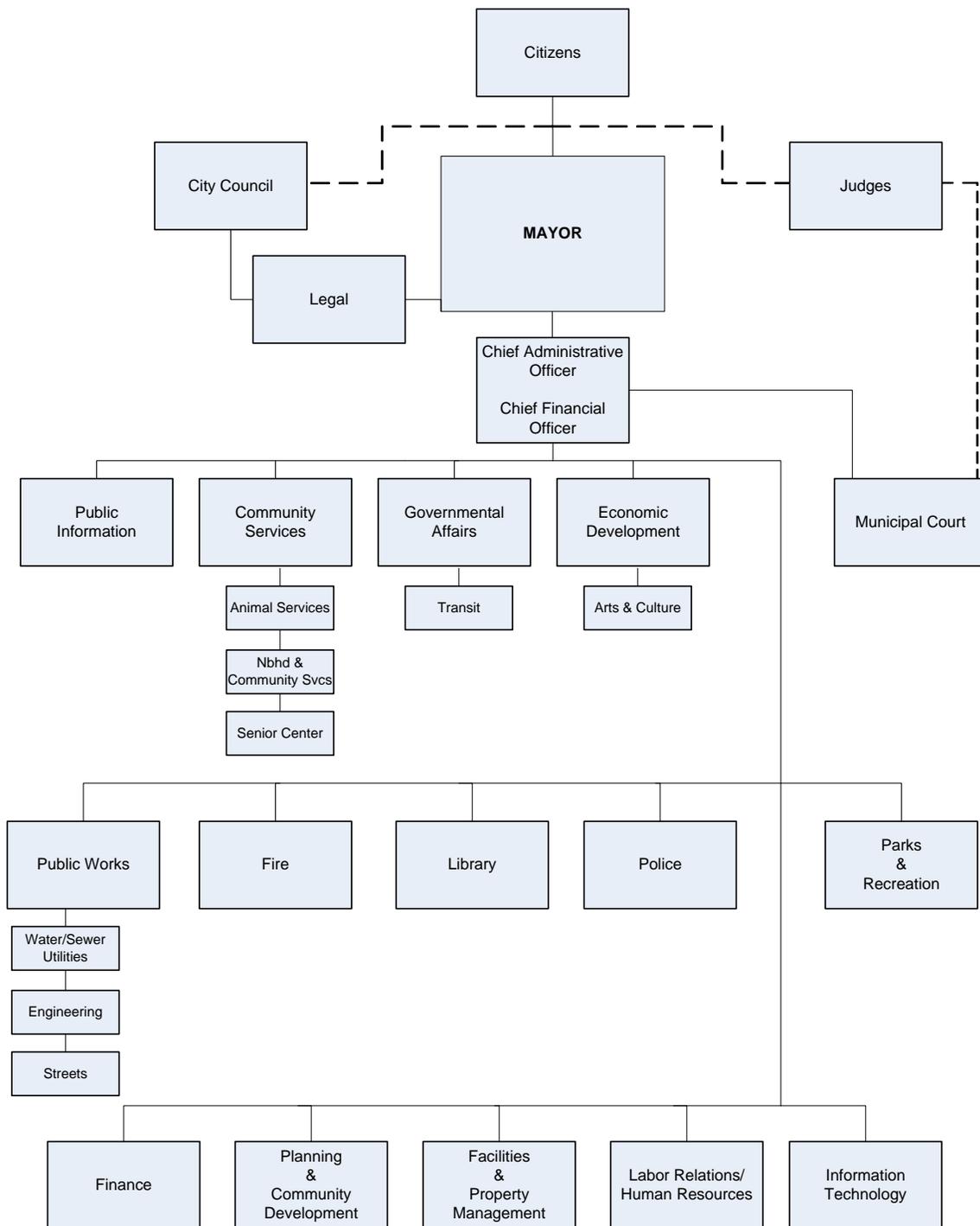
Elected Officials**Term Expires**

Mayor	12/31/13.....	Ray A. Stephanson
City Councilmembers:		
Position No. 1.....	12/31/13.....	Paul Roberts
Position No. 2.....	12/31/13.....	Jeff Moore
Position No. 3.....	12/31/13.....	Arlan Hatloe
Position No. 4.....	12/31/11.....	Ron Gipson
Position No. 5.....	12/31/11.....	Drew Nielsen
Position No. 6.....	12/31/11.....	Brenda Stonecipher
Position No. 7.....	12/31/11.....	Shannon Affholter, President

Appointed Officials

Chief Administrative Officer-Chief Financial Officer	Debra Bryant
Governmental Affairs Director	Pat McClain
Executive Administrator	Deborah Wright
Economic Development Director.....	Lanie McMullin
City Attorney.....	James D. Iles
Labor Relations/Services Director.....	Sharon DeHaan
Chief of Police.....	Jim Scharf
Fire Chief	Murray Gordon
Parks & Recreation Director.....	Paul Kaftanski
Library Director.....	Eileen Simmons
Facilities/Property Management Director	Carlton Gipson
Engineering/Public Services Director.....	Dave Davis
Transportation / Transit Services Director.....	Tom Hingson
Planning and Community Development Director.....	Allan Giffen
Neighborhoods / Code Compliance Director.....	Wendy McClure
Public Information Director.....	Kate Reardon
City Clerk	Sharon Marks
Finance Manager/Treasurer.....	Susy Haugen

City of Everett
ORGANIZATION CHART



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Everett
Washington

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

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



Linda C. Davison

President

Jeffrey R. Egan

Executive Director



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**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 27, 2012

Mayor and City Council
City of Everett
Everett, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

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FAX (360) 753-0646 • <http://www.sao.wa.gov>

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 24, budgetary comparison information on pages 83 through 85, pension trust fund on page 86 and information on postemployment benefits other than pensions on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 89 through 180 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,



BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Everett's annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to review the City's financial performance as a whole. Please read it in conjunction with the Letter of Transmittal, the Financial Statements, and the Notes to the Financial Statements.

2011 FINANCIAL HIGHLIGHTS

- At December 31, 2011, the City's net assets, the amount by which total assets exceed total liabilities, totaled \$834.3 million. Of this amount, \$641.3 million, or 77%, is invested in capital assets, net of accumulated depreciation and related debt. Of the remaining net assets, \$142.1 million is unrestricted and may be used to meet the City's ongoing obligations.
- The overall financial position of the City improved in 2011 as evidenced by increases in the change in net assets for both governmental and business type activities. Business type activities' net assets increased by a net of \$10.0 million as a result of higher revenues and lower expenses. Governmental type activities' net assets increased by \$1.3 million.
- As of December 31, 2011, the City's governmental funds reported a combined ending fund balance of \$121.2 million, an increase of \$1.5 million from 2010. Of this amount, \$76.5 million, or 63.2%, is available for spending at the city's discretion.
- In 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This standard required a new presentation of fund balance for governmental funds. At December 31, 2011, the City's governmental fund balance is presented as follows:

Description	Amount
Nonspendable	\$22,220,271
Restricted	22,409,042
Committed	467,553
Assigned	32,451,042
Unassigned	<u>43,625,508</u>
Total	\$121,173,416

This new standard also provided new definitions for governmental fund types. As a result, eleven funds previously reported as special revenue funds were combined with the General Fund. Because the city legally adopts budgets for these funds individually, budget to actual comparisons are presented in the other voluntary supplementary section of the statements. The funds combined with the General Fund are listed below.

- Parks & Recreation Fund
 - Library Fund
 - Municipal Arts Fund
 - Conference Center Fund
 - General Government Special Projects Fund
 - Motor Vehicle and Equipment Replacement Reserve Fund
 - Downtown Improvement fund
 - Cumulative Reserve for Real Property Acquisition Fund
 - Property Management Fund
 - Senior Center Reserve Fund
 - Contingency Reserve Fund
- In 2011, the City issued \$51.0 million in water and sewer revenue bonds to finance capital improvements to the City's water and sewer system.

OVERVIEW OF THE FINANCIAL STATEMENTS

The required components of the City's annual financial report include the Management's Discussion and Analysis (MD&A), the basic financial statements, and other required supplementary information. This discussion and analysis provides an overview of the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The City also includes the Everett Public Facilities District (EPFD) as a discretely presented component unit in its report. A component unit is a governmental unit over which the City can exercise influence and/or may be obligated to provide a financial subsidy. The EPFD is presented in a separate column in the government-wide statements. This presentation allows users of the government-wide financial statements to focus on the primary government as well as address the City's relative relationship with the EPFD.

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

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

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

FUND FINANCIAL STATEMENTS

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses funds to ensure and demonstrate fiscal accountability and compliance with finance-related legal requirements. The City's funds fall into three types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for most of the City's tax-supported activities and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, the focus of governmental fund financial statements is on near-term inflows

and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating whether there are more or less financial resources that can be spent in the near future to finance City services.

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

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to the governmental activities column in the government-wide statements to facilitate this comparison.

The City maintains budgetary controls over its governmental funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law, and are adopted on a fund level. General Fund budget variances are reviewed later in this discussion and analysis.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

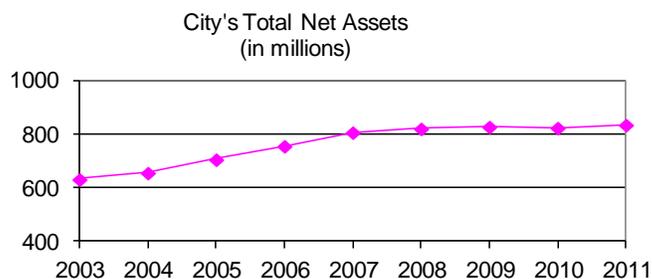
OTHER INFORMATION

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, changes in net assets over time may serve as a useful indicator of a government's financial position. The City's total net assets at December 31, 2011, were \$834.3 million, an increase of \$11.3 million over the prior year-end, indicating the City's overall financial position slightly improved during fiscal year 2011. As the chart below illustrates, except for 2010, the city's net assets have been increasing each year, although, at a modest rate since 2008.



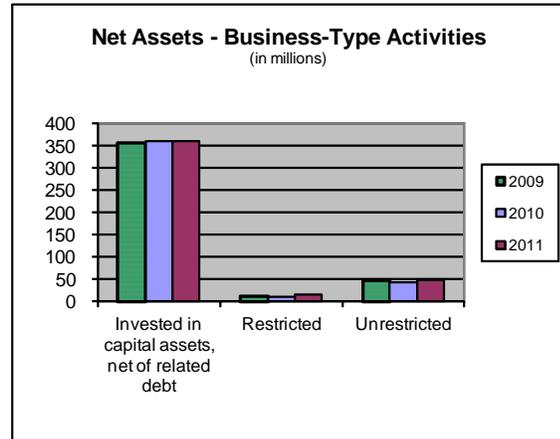
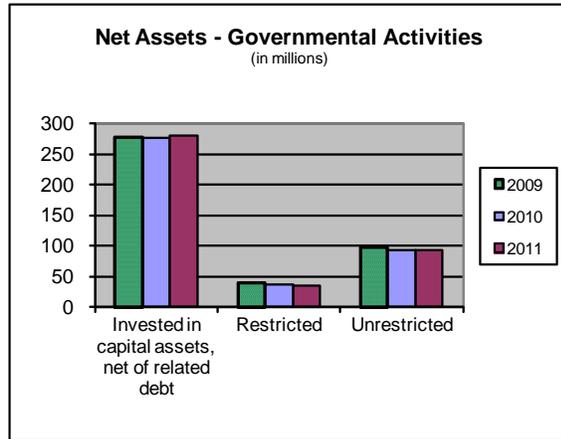
Elements contributing to the change in net assets are discussed in the Governmental and Business-Type Activities Analysis sections, starting on pages 17 and 19, respectively. The table below presents a condensed version of the Government-Wide Statement of Net Assets.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 157,670	\$ 161,070	\$ 99,911	\$ 62,567	\$ 257,581	\$ 223,637
Capital assets (net of accumulated depreciation)	308,051	305,583	546,796	528,293	854,847	833,876
TOTAL ASSETS	465,721	466,653	646,707	590,860	1,112,428	1,057,513
Long-term liabilities	50,242	51,251	214,785	169,228	265,027	220,479
Other liabilities	6,064	7,244	7,052	6,809	13,116	14,053
TOTAL LIABILITIES	56,306	58,495	221,837	176,037	278,143	234,532
NET ASSETS						
Invested in capital assets, net of related debt	280,262	277,364	361,058	361,029	641,320	638,393
Restricted	35,692	37,310	15,184	11,167	50,876	48,477
Unrestricted (deficit)	93,461	93,484	48,628	42,627	142,089	136,111
TOTAL NET ASSETS	\$ 409,415	\$ 408,158	\$ 424,870	\$ 414,823	\$ 834,285	\$ 822,981

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

Restricted assets represent resources that are subject to external restrictions on how they may be used. The Statement of Net Assets, found on page 25, further breaks out restricted assets into major categories. For example, \$8.5 million is restricted for capital projects that receive grant or real estate excise tax funding and must comply with grant guidelines and state law limitations. Other examples include the assets obtained through the Emergency Medical Services levy and criminal justice grant funding, which are restricted to public safety use. 2011 year-end unrestricted net assets of \$93.5 million in governmental activities and \$48.6 million in business-type activities may be used to meet ongoing obligations.



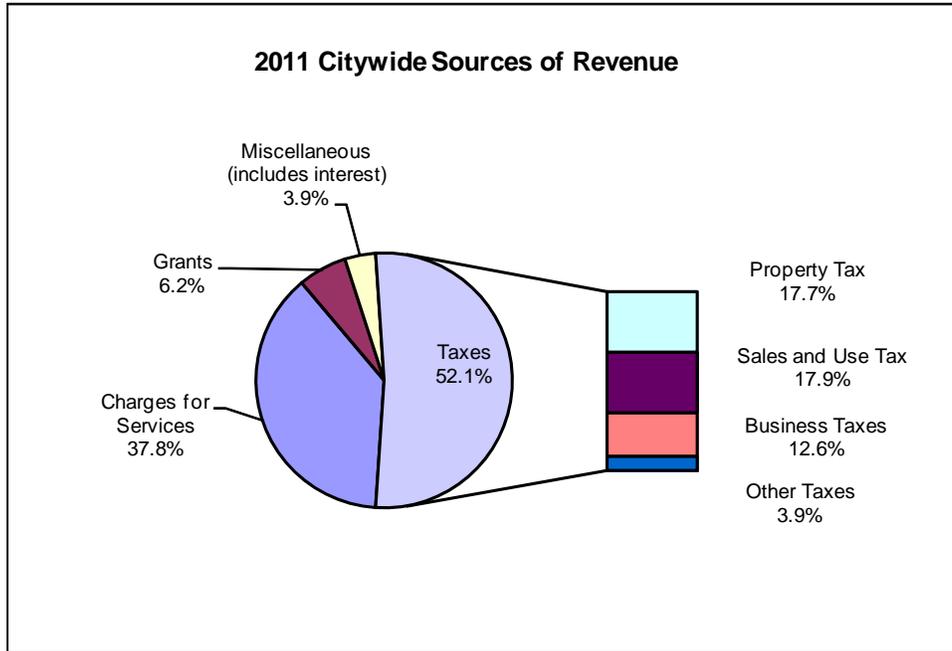
At December 31, 2011, the City reports positive balances in all three categories of net assets for both governmental and business-type activities. The same situation held true for the past nine years.

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

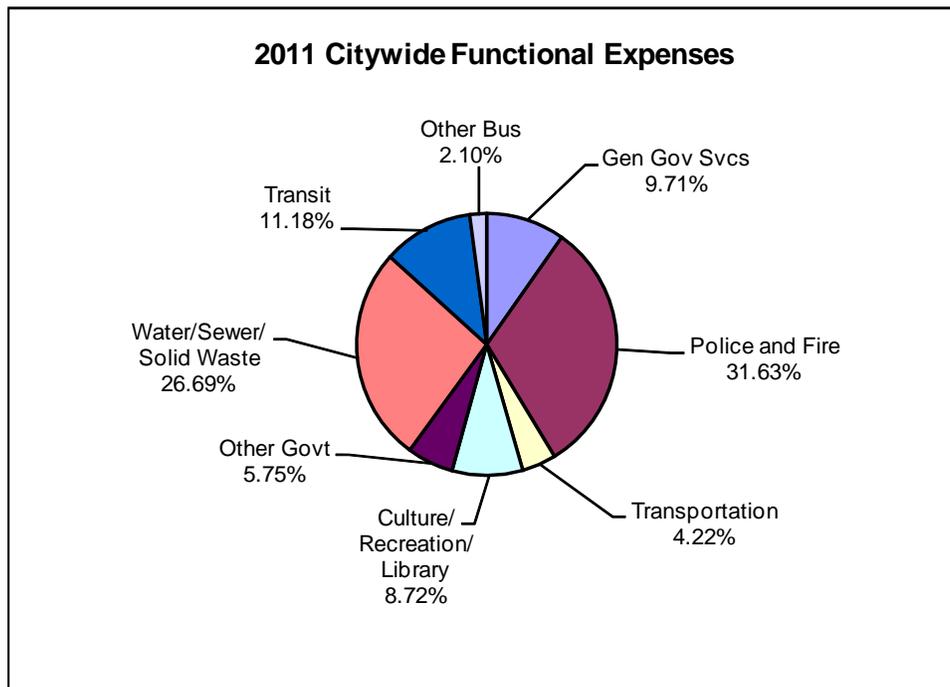
Table 2
City of Everett's Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 11,131	\$ 11,934	\$ 70,356	\$ 66,594	\$ 81,487	\$ 78,528
Operating grants and contributions	3,014	3,974	1,487	1,437	4,501	5,411
Capital grants and contributions	3,297	3,693	5,574	2,470	8,871	6,163
General revenues:						
Property taxes	38,322	35,473	-	-	38,322	35,473
Sales taxes	23,697	24,818	14,923	15,651	38,620	40,469
Business taxes	27,105	26,083	92	98	27,197	26,181
Other taxes	8,109	7,771	250	243	8,359	8,014
Interest and investment earnings	4,665	4,113	3,786	3,208	8,451	7,321
TOTAL REVENUES	\$ 119,340	\$ 117,859	\$ 96,468	\$ 89,701	\$ 215,808	\$ 207,560
Program Expenses						
Governmental activities:						
General government services	\$ 19,728	\$ 16,202	\$ -	\$ -	\$ 19,728	\$ 16,202
Police	35,928	37,113	-	-	35,928	37,113
Fire	28,303	28,925	-	-	28,303	28,925
Engineering & construction services	3,511	4,467	-	-	3,511	4,467
Transportation	8,565	10,890	-	-	8,565	10,890
Community services	7,297	8,190	-	-	7,297	8,190
Library	5,121	4,870	-	-	5,121	4,870
Culture and recreation	12,595	13,244	-	-	12,595	13,244
Interest on long-term debt	864	819	-	-	864	819
Business-type activities:						
Water	-	-	26,476	25,325	26,476	25,325
Sewer	-	-	26,640	27,905	26,640	27,905
Solid waste	-	-	1,067	3,689	1,067	3,689
Parking	-	-	252	296	252	296
Transit	-	-	22,713	25,781	22,713	25,781
Golf	-	-	4,012	4,139	4,012	4,139
TOTAL EXPENSES	\$ 121,912	\$ 124,720	\$ 81,160	\$ 87,135	\$ 203,072	\$ 211,855
Increase in net assets before transfers	\$ (2,572)	\$ (6,861)	\$ 15,308	\$ 2,566	\$ 12,736	\$ (4,295)
Transfers	3,829	4,017	(3,829)	(4,017)	-	-
Increase in net assets	\$ 1,257	\$ (2,844)	\$ 11,479	\$ (1,451)	\$ 12,736	\$ (4,295)
Net assets - beginning	408,158	411,002	414,823	416,274	822,981	827,276
Prior period adjustment	-	-	(1,432)	-	(1,432)	-
Net assets - ending	\$ 409,415	\$ 408,158	\$ 424,870	\$ 414,823	\$ 834,285	\$ 822,981

As shown in the chart below, taxes made up 52.1% of total revenue received by the City as a whole in 2011. The total tax revenues increased by \$2.4 million, mostly due to the restoration of the EMS levy to \$0.50 per \$1,000 of assessed value, which went into effect in 2011. Of the 37.8% in charges for services, 86.3% is from business-type activities.



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

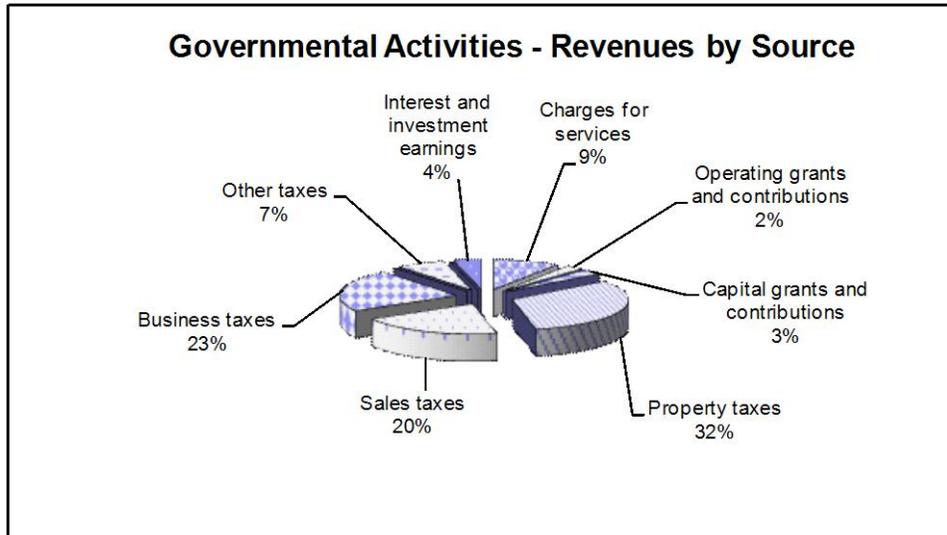


GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Statement of Activities, the total expenditures for all governmental activities in 2011 was \$121.9 million. Of this amount, \$17.4 million was paid for either by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The net expense (total expenses less program revenues) of \$104.5 million was the cost of governmental activity services paid primarily by city taxpayers.

Revenues

Total governmental activity revenue (excluding transfers) increased by \$1.5 million or 1.3% from last year. As the chart below depicts, 82% of the governmental activity revenue is derived from taxes. Combined taxes revenue increased by \$3.1 million, or 3.3%, from 2010.

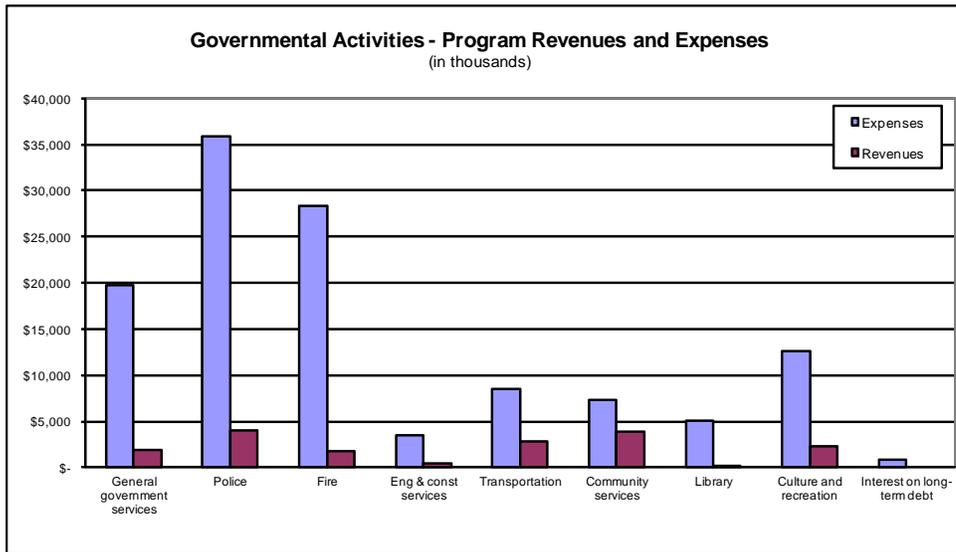


As mentioned previously, this increase was mostly due to the EMS levy which went into effect in 2011. Sales tax revenue decreased by \$1.1 million from the prior year, as the local economy continued to struggle from the effects of the Great Recession. This decrease was offset by business tax revenue, which increased by \$1.0 million, due in part to growth in activity in the aerospace sector of our local economy. Despite missing delivery targets for new 747-8 and 787 models, Boeing delivered 13 more planes out of the Everett facility in 2011 than in 2010.

Expenses

Total governmental activity expenses decreased by \$2.8 million compared to 2010. However, General Government Services expenditures increased by \$3.5 million, or 21.8%, due in part a \$942,000 transfer to the self insurance reserve fund and a \$1.5 million increase in the city’s pollution remediation obligation to account for the voluntary cleanup of Bigalow Creek area.

Police and fire activities account for nearly 52.7% of governmental activity expenses. In 2011, police and fire expenditures decreased by \$1.2 million and \$622 thousand, respectively. The decrease is due primarily to vacant uniform positions and the attrition of two civilian positions in the police department, and a reduction in the use of overtime in the Fire Department. In addition, emergency dispatch costs decreased by 3.6%, which resulted in \$441,000 in savings. The chart below illustrates the cost of each of the City’s major governmental activities along with each activity’s generated revenues (charges for services, grants, and contributions specifically related to that activity). The difference is the amount that each program relies on taxes for funding.



BUSINESS-TYPE ACTIVITIES ANALYSIS

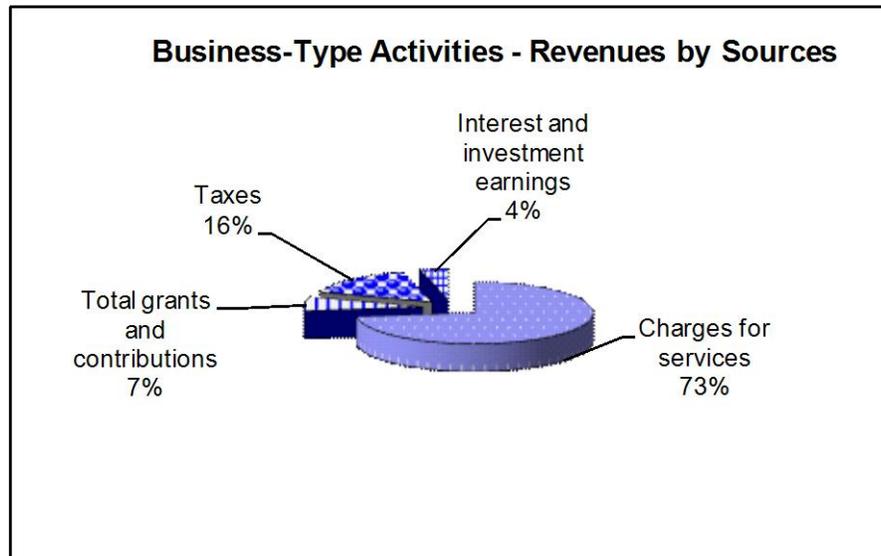
In 2011, program revenues covered \$77.4 million of the \$81.2 million in business-type activity expenses, leaving a net expense of \$3.8 million paid primarily by city taxpayers.

Revenues

Total business-type revenues rose by \$6.7 million, or 7.5%, from the prior year. As shown in the chart below, the majority of business-type activity revenue is from charges for services, which grew by \$3.8 million or 5.6% from 2010, due to an increase in water consumption and sewer and solid waste uses, and the addition of 1,189 customers through annexation.

Operating Grants and Capital Grants revenue increased by \$3.2 million from the prior year. In 2011, Transit received \$2.4 million in federal grants. Grant revenue can fluctuate widely from year to year based on a number of factors, including the availability of federal and state grants, whether the city has applied for and received grant awards, and whether the city has major capital projects in progress.

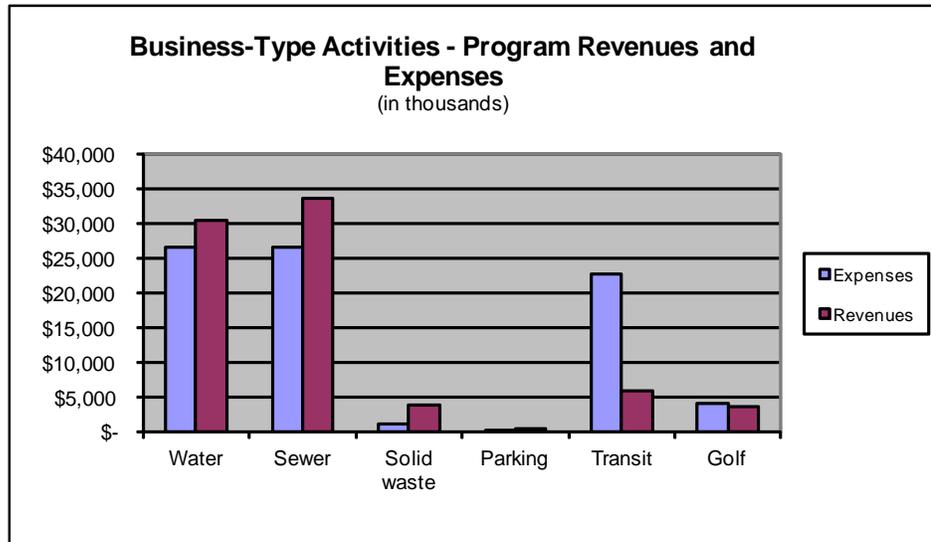
Transit receives a portion of sales tax revenue as approved by voters. In 2011, Transit's sales tax revenue decreased by \$728,000 from 2010, as the local economy continued to struggle from the effects of the Great Recession.



Expenses

Total business-type expenses decreased by \$6.0 million, or 6.9% over 2010. Solid Waste expense decreased by \$2.6 million or 71.1% over 2010, due to reduction in capital expenses related to former landfill site remediation. Water and Sewer expense remained fairly unchanged. Transit expenses decreased by \$3.1 million or 11.9% over 2010, primarily due to reduction in capital expenses related to Swift stations on Evergreen Way.

The chart below depicts the revenues and expenses for each of the City's business-type programs. As shown, Water, Sewer, and Parking each generated enough program revenue (primarily user fees) to cover operating costs, while Solid Waste, Transit and Golf did not. These activities are discussed in more detail in the Business-type Funds Analysis section.



FUND-LEVEL FINANCIAL ANALYSIS

GOVERNMENTAL FUNDS

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

In accordance with GASB Statement No. 54, new fund balance designations were implemented in 2011. The changes to the equity section are designed to indicate the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. The five components of fund balance are as follows:

- Non-spendable fund balance - examples are inventory and prepaid items.
- Spendable fund balance:
 - Restricted fund balance: externally enforceable legal restrictions such as those related to traffic mitigation revenue and grant receipts.
 - Committed fund balance: funds that can only be used for purposes pursuant to constraints imposed by formal action of the City Council.
 - Assigned fund balance: amounts that reflect the City intended use of resources in the special revenue, capital projects, and debt service funds.
 - Unassigned fund balance: residual net resources that are not properly classified in one of the above four categories.

At year-end, the governmental funds reported a combined ending fund balance of \$121.2 million (refer to Governmental Funds Balance Sheet on page 28). This is a \$1.5 million increase from the prior year-end. The government-wide Statement of Activities shows an increase in net assets of \$1.3 million. The difference is due

primarily to the way capital assets are reported. In the fund financial statements, capital expenditures are reported as current expenditures--thereby directly reducing available resources (fund balance). At the government-wide level of reporting, the same capital expenditures are capitalized and are included in the net asset balance.

Approximately 63.1% of the total ending fund balance of governmental funds is classified as either assigned or unassigned, which means the funds are available for spending at the City's discretion.

General Fund — The general fund is the City's primary operating fund and the largest funding source for day-to-day service delivery. As a result of GASB Statement No. 54 implementation, several funds previously classified as special revenue funds are now combined with the general fund. This change resulted in an increase of \$27.0 million in the 2011 ending fund balance. Without the consolidation, the fund balance increased by \$1.9 million or 8.0%. Tax revenues grew by \$1.6 million, while total expenditures remained unchanged. Further discussion regarding change in tax revenues appears earlier in this document under the Governmental Activities Analysis section.

Capital Improvement Reserve Fund — The City's other major governmental fund recorded an increase of \$1.2 million in fund balance. As the name indicates, this fund accumulates money to pay for capital projects; therefore, expenditures and fund balance can fluctuate widely from year to year. Revenue in this fund increased primarily as a result of a \$1.3 million transfer from the general fund.

Other Governmental Funds — As a result of GASB No. 54 implementation, the total fund balance for other governmental funds decreased \$27.0 million in 2011. However, without the combination, the fund balance decreased \$1.9 million or 4.3%.

The Emergency Medical Services (EMS) Fund, Fund 153, reported a \$290,000 negative fund balance in 2011, which is a \$558,000, increase from 2010. In April 2010, voters restored the EMS levy to 50 cents per \$1,000 assessed value effective for 2011. As a result of the downturn in housing values, the levy restoration did not entirely restore the fund balance. Additional cost-saving measures are being investigated to eliminate the remaining deficit. In addition to property tax, Fund 153 also collected approximately \$1.3 million in emergency transport fees.

Traffic Mitigation, Fund 157 reported a decrease in fund balance of \$985,000. The expenditures increased due to several signal improvement projects. Other financing uses increased as a result of transfers to capital projects funds for road improvements.

BUSINESS-TYPE FUNDS

Water/Sewer Utility Fund — This fund is the largest business-type fund in the City, accounting for \$363.4 million or 84.7% of the business-type fund equity. Of this amount, \$299.9 million is invested in capital assets net of related debt, \$15.0 million is classified as restricted (primarily for debt service), and \$48.4 million is classified as unrestricted. The fund's 2011 net income, before contributions and transfers, was \$11.5 million, which is \$2.0 million more than 2010. This increase was due to increased water consumption and sewer and solid waste uses and 1,189 customers added through annexation. Expenses remained fairly unchanged.

Transit Fund — This is the City's other major business-type fund. It reported a \$19.0 million operating loss in 2011 (before non-operating revenues and capital contributions). The loss was reduced by the voter approved 0.6% sales tax, which is dedicated for transit purposes; 2011 collections totaled \$15.2 million. Grants in the amount of \$3.3 million also lessen the loss.

Other Business-type Funds — The Golf Fund reported net loss of \$288,000 in 2011 compared to 2010's net loss of \$262,000. Management continues to implement elements of its business plan to increase revenues and decrease expenses.

Fund 402, the Solid Waste Fund, reported negative \$408,000 net equity. The operating income was \$1.5 million compared to negative \$1.2 million in 2010. The city expects to build this fund's equity up over the next few years with an increase in rates and a substantial decrease in expenditures as the former landfill site remediation comes to a close.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

The final General Fund revenue budget was \$447,000 or 0.5% more than the original budget. The final expenditure budget was \$1.4 million or 1.6% more than the original budget. The struggling economy was an important factor

driving the direction of the budget. The more significant amendments in 2011 included \$5.6 million in re-appropriations adopted the first of the year to carry forward unspent budgets from 2010. The largest of these re-appropriations included a set aside of \$2.0 million for contingencies related to potential refunds and potential revenue shortfalls related to the aerospace industry and \$1.1 million to support the Municipal Court Building and Broadway Bridge replacement projects. Mid-year, as revenues continued to come in under budget, the city reduced the the B&O tax budget by \$1,000,000 offset by part of the contingency set aside. In addition, general government departments reduced their expenditure budgets by \$2.5 million. The majority of this reduction came from holding vacant positions open.

Actual results compared to final budget

General Fund revenues came in under the final amended budget by \$1.6 million or 1.7%. B&O taxes made up the majority of this under budget amount, coming in \$1.5 million under the already reduced budget.

Expenditures ended the year \$6.6 million or 7.3% under the final amended budget. The most significant under expenditure was a \$3.4 million savings in salaries and wages. As stated above, departments were asked mid-year to implement cost-cutting measures. Most departments under spent their budgets due to open positions and a reduction in the use of overtime – the police department and fire department under spent their salary budgets by \$1.5 million and \$547,000, respectively. Other under-expenditures included jail fees coming in under budget by nearly \$250,000; not spending \$1.0 million of the contingency set aside mentioned above; and not spending \$850,000 in grant related expenditures (all of which were re-appropriated to the 2012 budget).

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of December 31, 2011, the City of Everett's investment in capital assets, including construction in progress, for its governmental and business-type activities amounted to \$855 million. The year-end balance represents a net increase (additions less retirements and depreciation) of \$21 million from the end of last year.

Table 3
City of Everett's Capital Assets
(net of accumulated depreciation)

(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2011	2010	2011	2010	2011	2010
Land	\$ 59,566	\$ 58,749	\$ 32,765	\$ 32,637	\$ 92,331	\$ 91,386
Buildings	58,602	59,150	125,288	129,079	183,890	188,229
Improvements other than buildings	13,288	14,857	308,181	283,527	321,469	298,384
Infrastructure	152,574	151,188	1,918	-	154,492	151,188
Machinery and equipment	8,556	9,568	10,955	12,346	19,511	21,914
Intangibles	244	318	10,942	159	11,186	477
Construction in progress	15,220	11,753	56,747	70,545	71,967	82,298
	<u>\$ 308,050</u>	<u>\$ 305,583</u>	<u>\$ 546,796</u>	<u>\$ 528,293</u>	<u>\$ 854,846</u>	<u>\$ 833,876</u>

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

- 2011 overlay program\$ 2.0
- Rucker/Hoyt Streetscape project 1.7
- Riverfront development..... 1.7
- Municipal Court Replacement..... 1.4
- West Marine View Drive Improvement.....0.8

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

- Jackson Hydroelectric project\$ 5.6
- Sewer System Cap Improvement “L”3.7
- Transmission Line #3, Phase 73.6
- WPCF Expansion, Phase B3.6
- Evt Landfill Leachate Collection System Improvement2.3
- Sewer System Replacement F, Sch B 1.9
- Transit Signal Light Priority project 1.9
- Transmission Line #4, Phase 11.1
- River Point Fill project0.7

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

DEBT ADMINISTRATION

As shown in the table below, the city’s total outstanding debt at December 31, 2011, was \$233.1 million. Of this amount, \$34.4 million is bonded debt backed by the full faith and credit of the city, \$159.5 million is bonded debt secured solely by water and sewer user fees, and \$39.2 million is in Public Works Trust Fund and State Revolving Fund loans.

The city’s total debt outstanding increased by a net amount (new issues less principal payments and refundings) of \$42.8 million from the prior year end. The major debt transactions that contributed to this change are detailed below.

- The city issued \$51.0 million in water and sewer revenue bonds to finance certain capital improvements to the City’s water and sewer system.
- The city redeemed \$1.4 million of outstanding LTGO debt and \$3.3 million of Revenue debt in 2011.

Table 4
City of Everett's Outstanding Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 26,200	\$ 26,400	\$ 8,200	\$ 9,400	\$ 34,400	\$ 35,800
Revenue debt	-	-	159,480	111,785	159,480	111,785
Other long-term debt	1,431	1,650	37,759	41,039	39,190	42,689
	<u>\$ 27,631</u>	<u>\$ 28,050</u>	<u>\$ 205,439</u>	<u>\$ 162,224</u>	<u>\$ 233,070</u>	<u>\$ 190,274</u>

The city works to maintain high credit ratings to assist in obtaining financing as the lowest possible cost. The city’s bond rating, according to Standard & Poor’s, is AA+ for both its general obligation and revenue debt.

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Principal constraints facing the city budget for 2012 included: continued sluggish retail sales; an increase in business revenues stemming mainly from the aerospace sector; continued slow residential and commercial building projects; and property tax revenue growth limited to 1% on the base, plus adjustments for new construction and annexations.

Other economic factors considered when preparing the City’s 2012 budget included:

- Overall economic activity is expected to continue to be low.
- Population is expected to increase by 1% in 2012.

- The inflation rate (as measured by the June to June Seattle/Urban Consumer Price Index) is expected to remain low. For 2011, it was 3.15 %.
- Unemployment in Snohomish County is expected to stay above 8.0%.
- Interest rates are expected to remain at historical lows through 2012.

Some of the specific steps taken to balance the 2012 budget included: no cost of living increases for appointive employees and elected officials; deferrals of projects and equipment replacements; and suspension of contributions to our LEOFF1 police and fire pension and OPEB funds.

REQUESTS FOR FINANCIAL INFORMATION

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

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	Primary Government			Component Unit
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EVERETT PUBLIC FACILITIES DISTRICT
ASSETS				
Cash and cash equivalents	\$ 31,607,464	\$ 20,443,508	\$ 52,050,972	\$ 4,547,319
Deposits with trustees	-	111,125	111,125	-
Investments	77,031,818	58,217,033	135,248,851	-
Receivables, net	27,866,825	13,843,681	41,710,506	644,827
Internal balances	11,995,139	(11,995,139)	-	-
Inventories	510,958	691,418	1,202,376	-
Prepayments	564,280	344,851	909,131	934,901
Deferred charges	153,830	1,848,903	2,002,733	-
Net pension asset	5,876,527	-	5,876,527	-
Restricted:				
Cash and cash equivalents	-	6,966,913	6,966,913	-
Investments	-	8,215,799	8,215,799	-
Special assessments	141,933	5,631	147,564	-
Investment in joint venture	1,921,629	1,217,481	3,139,110	-
Land	59,566,074	32,765,352	92,331,426	257,074
Construction in progress	15,219,606	56,747,168	71,966,774	-
Capital assets, net (Note 6)	233,264,946	457,283,531	690,548,477	43,510,695
TOTAL ASSETS	\$ 465,721,029	\$ 646,707,255	\$ 1,112,428,284	\$ 49,894,816
LIABILITIES				
Accounts payable and other current liabilities	\$ 5,733,916	\$ 6,618,160	\$ 12,352,076	\$ 1,029,936
Unearned revenues	330,324	434,169	764,493	1,387,299
Non-current liabilities (Note 12):				
Due within one year	9,833,406	10,069,631	19,903,037	920,000
Due in more than one year	40,408,535	204,715,433	245,123,968	52,080,477
TOTAL LIABILITIES	\$ 56,306,181	\$ 221,837,393	\$ 278,143,574	\$ 55,417,712
NET ASSETS				
Invested in capital assets, net of related debt	\$ 280,262,109	\$ 361,058,019	\$ 641,320,128	\$ (9,232,708)
Restricted for:				
Capital projects	8,515,209	-	8,515,209	-
Debt service	-	15,128,526	15,128,526	-
Community development projects	14,903,218	-	14,903,218	-
Transportation	3,416,109	-	3,416,109	-
Economy	366,730	-	366,730	-
Public safety	8,171,088	-	8,171,088	-
Tourism	319,313	-	319,313	-
Special assessments	-	1,562	1,562	-
Government regulation	-	54,186	54,186	-
Unrestricted	93,461,072	48,627,569	142,088,641	3,709,812
TOTAL NET ASSETS	\$ 409,414,848	\$ 424,869,862	\$ 834,284,710	\$ (5,522,896)

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 1 OF 2)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government services	\$ 19,727,643	\$ 1,214,492	\$ 317,388	\$ 367,118
Police	35,928,460	3,398,146	653,012	6,079
Fire	28,302,587	1,556,633	243,757	-
Engineering & construction services	3,511,333	505,982	-	-
Transportation	8,565,208	201,283	-	2,604,183
Community services	7,296,739	2,284,630	1,528,617	89,397
Library	5,121,095	113,221	110,132	272
Culture and recreation	12,595,237	1,856,388	161,536	229,623
Interest on long-term debt	864,371	-	-	-
Total governmental activities	121,912,673	11,130,775	3,014,442	3,296,672
Business-type activities:				
Water	26,475,627	30,113,113	-	200,000
Sewer	26,640,525	31,568,714	29,395	1,995,601
Solid waste	1,067,260	2,301,760	585,385	996,972
Parking	251,889	292,891	-	-
Transit	22,713,494	2,465,498	872,118	2,381,288
Golf	4,012,376	3,614,179	-	-
Total business-type activities	81,161,171	70,356,155	1,486,898	5,573,861
Total primary government	\$ 203,073,844	\$ 81,486,930	\$ 4,501,340	\$ 8,870,533
Component units:				
Everett Public Facilities District	\$ 12,274,812	\$ 8,778,899	\$ 2,380,684	\$ -

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

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets - beginning

Prior period adjustment

Net assets - ending

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 2 OF 2)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

Primary Government			Component Unit Everett Public Facilities District
Governmental Activities	Business-Type Activities	Total	
\$ (17,828,645)	\$ -	\$ (17,828,645)	
(31,871,223)	-	(31,871,223)	
(26,502,197)	-	(26,502,197)	
(3,005,351)	-	(3,005,351)	
(5,759,742)	-	(5,759,742)	
(3,394,095)	-	(3,394,095)	
(4,897,470)	-	(4,897,470)	
(10,347,690)	-	(10,347,690)	
(864,371)	-	(864,371)	
(104,470,784)	-	(104,470,784)	
-	3,837,486	3,837,486	
-	6,953,185	6,953,185	
-	2,816,857	2,816,857	
-	41,002	41,002	
-	(16,994,590)	(16,994,590)	
-	(398,197)	(398,197)	
-	(3,744,257)	(3,744,257)	
\$ (104,470,784)	\$ (3,744,257)	\$ (108,215,041)	
			\$ (1,115,229)
38,322,027	-	38,322,027	
23,696,637	14,923,050	38,619,687	
27,105,472	92,086	27,197,558	
3,566,778	-	3,566,778	
4,542,695	250,089	4,792,784	
4,664,927	3,786,445	8,451,372	
3,828,756	(3,828,756)	-	
105,727,292	15,222,914	120,950,206	
1,256,508	11,478,657	12,735,165	(1,115,229)
408,158,340	414,823,497	822,981,837	(4,407,667)
-	(1,432,292)	(1,432,292)	-
\$ 409,414,848	\$ 424,869,862	\$ 834,284,710	\$ (5,522,896)

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 11,664,903	\$ 7,171,684	\$ 8,641,129	\$ 27,477,716
Change and imprest funds	49,149	-	-	49,149
Deposits with trustee	94,268	-	-	94,268
Investments	29,425,421	16,715,014	21,396,623	67,537,058
Receivables, net				
Taxes	9,716,219	121,898	121,898	9,960,015
Customer accounts	115,655	10,597	255,634	381,886
Interest	218,968	44,886	96,836	360,690
Due from other funds	16,450	-	-	16,450
Interfund loans receivable	873,950	1,054,100	-	1,928,050
Due from other governmental units	237,693	-	935,040	1,172,733
Prepayments	153,478	-	-	153,478
Special assessments - deferred	-	-	141,932	141,932
Notes/contracts receivable	1,140,000	-	13,282,625	14,422,625
Advances to other funds	7,644,168	-	-	7,644,168
TOTAL ASSETS	\$ 61,350,322	\$ 25,118,179	\$ 44,871,717	\$ 131,340,218
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Wages payable	\$ 2,613,891	\$ -	\$ 326,171	\$ 2,940,062
Accounts payable	1,346,009	-	617,110	1,963,119
Interfund loans payable	1,054,100	-	873,950	1,928,050
Due to other governmental units	68,601	-	-	68,601
Custodial accounts	115,928	-	-	115,928
Other liabilities	105,787	-	994	106,781
Deferred revenues	2,646,204	-	398,057	3,044,261
TOTAL LIABILITIES	7,950,520	-	2,216,282	10,166,802
FUND BALANCES:				
Nonspendable	8,937,646	-	13,282,625	22,220,271
Restricted	-	2,224,561	22,409,042	24,633,603
Committed	467,553	-	-	467,553
Assigned	-	22,893,618	7,332,863	30,226,481
Unassigned	43,994,603	-	(369,095)	43,625,508
TOTAL FUND BALANCES	53,399,802	25,118,179	42,655,435	121,173,416
TOTAL LIABILITIES AND FUND BALANCES	\$ 61,350,322	\$ 25,118,179	\$ 44,871,717	\$ 131,340,218

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Total Fund Balances reported on the Balance Sheet - Governmental Funds	\$ 121,173,416
<p>Amounts reported for governmental activities in the Balance Sheet - Governmental Funds differ from amounts reported in the government-wide Statement of Net Assets by the following items:</p>	
Capital assets reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	307,091,540
Long-term debt reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(36,095,178)
Assets and liabilities of internal service funds included in governmental activities in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	6,988,580
Net pension asset reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	5,876,527
Unearned revenues reported as deferred revenues in the Balance Sheet - Governmental Funds not reported in the government-wide Statement of Net Assets	2,713,936
Net investment in joint ventures reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	1,921,629
Accrued receivables reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	2,517,649
Accrued pollution remediation liability reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(1,670,000)
Discount on notes receivable reported in the government-wide Statement of Net Assets not reported in the Balance Sheet - Governmental Funds	(1,103,251)
Total Net Assets reported on the government-wide Statement of Net Assets	<u>\$ 409,414,848</u>

The accompanying notes are an integral part of this statement.

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

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 80,810,706	\$ 875,836	\$ 10,071,950	\$ 91,758,492
Licenses and permits	1,163,279	-	209,623	1,372,902
Intergovernmental revenues	4,375,215	-	7,208,517	11,583,732
Charges for services	8,355,349	55,250	1,890,067	10,300,666
Fines and forfeits	2,399,737	-	7,075	2,406,812
Other revenues	3,611,579	750,912	1,996,958	6,359,449
Total revenues	100,715,865	1,681,998	21,384,190	123,782,053
EXPENDITURES				
Current:				
General government services	21,752,679	-	471,504	22,224,183
Security of persons and property	52,898,447	-	9,037,634	61,936,081
Physical environment	3,244,046	-	103,474	3,347,520
Transportation	1,791,354	-	2,064,006	3,855,360
Economic environment	4,817,547	-	1,069,072	5,886,619
Mental and physical health	25,117	-	-	25,117
Culture and recreation	13,814,517	500,000	280,600	14,595,117
Capital outlay	1,904,896	-	11,235,064	13,139,960
Debt service:	-	-	-	-
Principal	-	-	419,316	419,316
Interest	8,164	-	890,555	898,719
Total Expenditures	100,256,767	500,000	25,571,225	126,327,992
Excess (deficiency) of revenues over (under) expenditures	459,098	1,181,998	(4,187,035)	(2,545,939)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	161,718	-	-	161,718
Transfers in	5,471,465	1,273,332	5,467,255	12,212,052
Transfers out	(3,845,883)	(1,280,632)	(3,176,784)	(8,303,299)
Total other financing sources (uses)	1,787,300	(7,300)	2,290,471	4,070,471
Net change in fund balances	2,246,398	1,174,698	(1,896,564)	1,524,532
Fund balances - beginning	51,153,404	23,943,481	44,551,999	119,648,884
FUND BALANCES - ENDING	\$ 53,399,802	\$ 25,118,179	\$ 42,655,435	\$ 121,173,416

The accompanying notes are an integral part of this statement.

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

Net change in fund balances for total governmental funds reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,524,532
<p>Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balances differ from amounts reported in the government-wide Statement of Activities by the following items:</p>	
Disposition of capital assets (i.e., sales, trade-ins and transfers) results in a decrease in capital assets reported in the government-wide statements during the current period.	(29,710)
Governmental funds report capital outlays as expenditures. Government-wide statements establish capital outlays as assets and allocate the cost of depreciable assets over their estimated useful lives as depreciation expense. This item represents the amount by which capital outlays exceeded (or, if negative, were less than) depreciation expense in the current period.	2,707,194
Governmental funds report the proceeds from the issuance of long-term debt (e.g., bonds and leases) as revenues and the associated issuance costs as expense in the period the debt is issued. Government-wide statements report long-term debt as a liability and amortize issuance costs as expense over the life of the obligation. This item represents the net effect of these differences in the treatment of long-term debt and related items during the current period.	376,390
Increase (decrease) to the net pension asset on the government-wide statements during the current period.	(2,327,187)
Internal service funds are used by management to charge the costs of fleet management, management information systems, self-insurance, employee health benefits, and telecommunications to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	345,269
Increase (decrease) to investment in the joint venture "Snohomish County Emergency Radio System" reported in the government-wide statements during the current period.	(244,282)
Increase (decrease) to accrued receivables in the government-wide statements during the current period.	366,810
Decrease (increase) to accrued pollution remediation liability in the government-wide statements during the current period.	(1,435,000)
Fair value of capital assets donated to the City reported in the government-wide statements during the current period.	19,183
Increase (decrease) to non-current deferred revenue on the Balance Sheet - Governmental Funds during the current period.	(69,465)
Increase (decrease) to notes and interest receivable on the government-wide statements during the current period.	22,774
Change in net assets of governmental activities reported on the government-wide Statement of Activities	<u>\$ 1,256,508</u>

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -	
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 17,880,033	\$ 1,720,317	\$ 843,158	\$ 20,443,508	\$ 3,986,332	
Deposits with Trustee	-	111,125	-	111,125	-	
Investments	50,673,726	5,394,942	2,148,365	58,217,033	9,494,760	
Bond covenant accounts:						
Restricted cash and cash equivalents	6,791,560	-	121,167	6,912,727	-	
Restricted investments	8,215,799	-	-	8,215,799	-	
Receivables, net						
Taxes	-	2,697,247	-	2,697,247	-	
Customer accounts	5,721,431	13,844	270,698	6,005,973	20,104	
Interest	319,102	25,320	10,502	354,924	43,646	
Due from other funds	1,330	-	-	1,330	-	
Interfund loans	2,173,200	-	-	2,173,200	-	
Due from other governments	1,435,892	2,136,602	1,213,043	4,785,537	90,728	
Prepayments	217,000	35,647	92,204	344,851	410,802	
Inventory	586,741	-	104,677	691,418	510,957	
Total Current Assets	94,015,814	12,135,044	4,803,814	110,954,672	14,557,329	
NONCURRENT ASSETS						
Restricted cash and cash equivalents	54,186	-	-	54,186	-	
Special assessments - deferred	5,631	-	-	5,631	-	
Investment in joint venture	1,217,481	-	-	1,217,481	-	
Unamortized debt issue costs	1,792,154	-	56,749	1,848,903	-	
Land	21,365,919	10,439,811	959,622	32,765,352	-	
Construction in progress	52,501,960	599,829	3,645,379	56,747,168	-	
Capital assets, net of depreciation (Note 6)	403,562,794	43,759,775	9,960,962	457,283,531	959,088	
Total Noncurrent Assets	480,500,125	54,799,415	14,622,712	549,922,252	959,088	
TOTAL ASSETS	\$ 574,515,939	\$ 66,934,459	\$ 19,426,526	\$ 660,876,924	\$ 15,516,417	
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES						
Wages and benefits payable	\$ 1,443,409	\$ 803,962	\$ 20,877	\$ 2,268,248	\$ 174,828	
Accounts payable	3,157,877	44,275	334,971	3,537,123	254,360	
Claims and judgments payable	-	-	-	-	5,538,760	
Interest payable	1,405,448	-	21,167	1,426,615	-	
Taxes payable	85,711	933	12,841	99,485	184	
Due to other funds	-	-	1,330	1,330	16,450	
Interfund loans payable	-	-	2,173,200	2,173,200	-	
Due to other governments	-	331,877	-	331,877	-	
Deferred revenues	1,280	251,987	178,113	431,380	-	
Current portion of long-term debt	7,648,838	-	1,200,000	8,848,838	-	
Unamortized premiums	377,628	-	2,012	379,640	-	
Other current liabilities	-	-	26,542	26,542	112,314	
Total Current Liabilities	14,120,191	1,433,034	3,971,053	19,524,278	6,096,896	
NONCURRENT LIABILITIES						
Capital Leases Payable	13,876	-	-	13,876	-	
General obligation bonds payable	-	-	7,000,000	7,000,000	-	
Revenue bonds payable	156,055,000	-	-	156,055,000	-	
Unamortized premiums	6,842,640	-	14,925	6,857,565	-	
Real estate contracts payable	481,524	-	-	481,524	-	
Advances from other funds	-	-	7,644,168	7,644,168	-	
Deferred revenues	2,789	-	-	2,789	-	
Loans payable	33,064,888	-	-	33,064,888	-	
Claims and judgments payable	-	-	-	-	6,730,737	
Other long-term liabilities	541,794	153,590	316,619	1,012,003	51,176	
Total Noncurrent Liabilities	197,002,511	153,590	14,975,712	212,131,813	6,781,913	
TOTAL LIABILITIES	211,122,702	1,586,624	18,946,765	231,656,091	12,878,809	
FUND EQUITY						
Invested in capital assets,						
net of related debt	299,909,578	54,799,415	6,349,026	361,058,019	959,088	
Restricted for debt service	15,007,359	-	121,167	15,128,526	-	
Restricted for special assessments	1,562	-	-	1,562	-	
Restricted for other governments	54,186	-	-	54,186	-	
Unrestricted	48,420,552	10,548,420	(5,990,432)	52,978,540	1,678,520	
TOTAL FUND EQUITY	363,393,237	65,347,835	479,761	429,220,833	2,637,608	
TOTAL LIABILITIES AND FUND EQUITY	\$ 574,515,939	\$ 66,934,459	\$ 19,426,526	\$ 660,876,924	\$ 15,516,417	

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

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

(4,350,971)

Net assets of business-type activities

\$ 424,869,862

The accompanying notes are an integral part of this statement

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Admission taxes	\$ -	\$ -	\$ 92,086	\$ 92,086	\$ -
Charges for services	61,248,085	1,374,136	6,186,800	68,809,021	24,852,937
Rental revenues	-	840,730	-	840,730	-
Other operating revenues	-	-	-	-	3,635
Total Operating Revenues	61,248,085	2,214,866	6,278,886	69,741,837	24,856,572
OPERATING EXPENSES:					
Personnel services	18,551,314	11,408,039	1,051,361	31,010,714	2,968,105
Supplies	3,682,536	1,829,211	683,545	6,195,292	5,010,643
Professional services	3,737,373	1,882,265	1,764,053	7,383,691	11,567,539
Depreciation and amortization	11,108,348	2,799,304	848,623	14,756,275	284,173
Taxes	1,376,056	8,909	381	1,385,346	-
Other operating expenses	9,896,884	3,260,838	511,877	13,669,599	4,418,036
Total Operating Expenses	48,352,511	21,188,566	4,859,840	74,400,917	24,248,496
Operating Income (Loss)	12,895,574	(18,973,700)	1,419,046	(4,659,080)	608,076
NON-OPERATING REVENUES (EXPENSES):					
Sales tax	-	15,173,139	-	15,173,139	-
Intergovernmental revenues	29,395	872,118	585,385	1,486,898	-
Interest and investment revenue	3,031,842	302,487	140,749	3,475,078	542,873
Rent	448,283	29,695	-	477,978	-
Other non-operating revenues	455,970	154,552	-	610,522	52,476
Gain (loss) on sale/retirement of assets	171,380	-	27,079	198,459	(227,474)
Interest expense	(5,522,085)	-	(471,686)	(5,993,771)	-
Other non-operating expenses	-	(1,586,353)	-	(1,586,353)	-
Total Non-Operating Revenues (Expenses)	(1,385,215)	14,945,638	281,527	13,841,950	367,875
Income (Loss) Before Contributions and Transfers	11,510,359	(4,028,062)	1,700,573	9,182,870	975,951
Capital contributions	2,195,601	2,381,288	996,972	5,573,861	-
Transfers out	(3,693,600)	(135,156)	-	(3,828,756)	(80,000)
INCREASE (DECREASE) IN NET EQUITY	10,012,360	(1,781,930)	2,697,545	10,927,975	895,951
NET EQUITY - BEGINNING	354,813,169	67,129,765	(2,217,784)	419,725,150	1,741,657
Prior period adjustment	(1,432,292)	-	-	(1,432,292)	-
NET EQUITY - ENDING	\$ 363,393,237	\$ 65,347,835	\$ 479,761	\$ 429,220,833	\$ 2,637,608

Change in accounting policy	The difference between Increase in Net Equity, and Change in Net Assets for business-type funds is explained as follows:	
	Increase in Net Equity, per above	\$ 10,927,975
	The net revenue (expense) of certain activities of internal service funds associated with business-type activities.	550,682
	Change in Net Assets, per Statement of Activities	<u>\$ 11,478,657</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 1 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 60,058,772	\$ 2,316,251	\$ 6,260,627	\$ 68,635,650	\$ 845,842
Receipts from interfund services provided	988,284	19,769	-	1,008,053	23,968,742
Payments to suppliers	(12,435,618)	(1,334,514)	(2,664,308)	(16,434,440)	(18,435,936)
Payments to employees	(18,374,561)	(11,389,549)	(1,056,151)	(30,820,261)	(2,972,185)
Payments for interfund services used	(5,846,397)	(5,886,166)	(193,901)	(11,926,464)	(323,803)
Claims paid	-	-	-	-	(4,581,888)
Other receipts (payments)	455,970	(1,773,324)	-	(1,317,354)	56,111
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,846,450	(18,047,533)	2,346,267	9,145,184	(1,443,117)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Sales tax received	-	15,674,407	-	15,674,407	-
Receipts from non-capital grants	29,395	1,340,684	585,385	1,955,464	-
Interfund loans received	275,500	-	-	275,500	-
Interfund loans paid out	(2,191,200)	-	-	(2,191,200)	-
Principal paid on interfund loans	-	-	(140,000)	(140,000)	-
Interest paid on interfund loans	-	-	(200,521)	(200,521)	-
Transfers to other funds	(3,693,600)	(135,156)	-	(3,828,756)	(80,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(5,579,905)	16,879,935	244,864	11,544,894	(80,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	50,955,208	-	-	50,955,208	-
Principal paid on capital debt	(2,801,536)	-	(1,239,554)	(4,041,090)	-
Interest paid on capital debt	(7,696,694)	-	(266,998)	(7,963,692)	-
Proceeds from interfund loans	-	-	1,875,700	1,875,700	-
Receipts from capital grants	-	985,194	-	985,194	-
Proceeds from sale of capital assets	171,380	-	115,433	286,813	5,113
Capital contributions	3,086,356	-	(200,107)	2,886,249	-
Acquisition and construction of capital assets	(29,713,401)	(2,462,208)	(2,651,846)	(34,827,455)	(289,566)
Payments to joint ventures	17,236	-	-	17,236	-
Capital assessments received	157	-	-	157	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	14,018,706	(1,477,014)	(2,367,372)	10,174,320	(284,453)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments	-	1,997,652	182,978	2,180,630	2,759,876
Purchase of investments	(19,038,795)	-	(142,710)	(19,181,505)	-
Investment income	1,962,462	195,632	88,385	2,246,479	309,093
NET CASH PROVIDED BY INVESTING ACTIVITIES	(17,076,333)	2,193,284	128,653	(14,754,396)	3,068,969
Net Increase (Decrease) in Cash and Cash Equivalents	16,208,918	(451,328)	352,412	16,110,002	1,261,399
Cash and Cash Equivalents, January 1	8,516,861	2,282,770	611,913	11,411,544	2,724,933
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 24,725,779	\$ 1,831,442	\$ 964,325	\$ 27,521,546	\$ 3,986,332
Current Cash and Cash Equivalents	\$ 17,880,033	\$ 1,831,442	\$ 843,158	\$ 20,554,633	\$ 3,986,332
Restricted Cash and Cash Equivalents	6,845,746	-	121,167	6,966,913	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 24,725,779	\$ 1,831,442	\$ 964,325	\$ 27,521,546	\$ 3,986,332

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 2 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	ACTIVITIES - INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 12,895,574	\$ (18,973,700)	\$ 1,419,046	\$ (4,659,080)	\$ 608,076
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	11,108,348	2,799,304	848,623	14,756,275	284,173
Other non-operating receipts	904,253	58,468	-	962,721	52,476
Other non-operating disbursements	-	(1,830,784)	-	(1,830,784)	-
Change in Assets and Liabilities:					
(Increase) decrease in inventories	59,622	-	(6,399)	53,223	(50,232)
(Increase) decrease in receivables	(649,312)	55,586	(24,492)	(618,218)	(54,803)
(Increase) decrease in prepaid expenses	290,389	(26,191)	(92,204)	171,994	53,071
Increase (decrease) in accounts and other payables	138,654	(232,928)	195,460	101,186	(2,345,962)
Increase (decrease) in compensated absences	98,922	21,292	-	120,214	(6,366)
Increase (decrease) in other current liabilities	-	81,420	6,233	87,653	16,450
TOTAL ADJUSTMENTS	11,950,876	926,167	927,221	13,804,264	(2,051,193)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 24,846,450	\$ (18,047,533)	\$ 2,346,267	\$ 9,145,184	\$ (1,443,117)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Non-Cash Financing, Capital and Investing Activities:					
Capital assets contributed by private developers	\$ 131,738	\$ -	\$ -	\$ 131,738	\$ -
Capital assets contributed by other sources	267,500	125,779	-	393,279	-
Increase (decrease) in fair value of investments	1,331,562	107,497	45,377	1,484,436	203,084
Capital grants earned, not received	-	1,781,408	-	1,781,408	-
TOTAL NON-CASH ACTIVITIES	\$ 1,730,800	\$ 2,014,684	\$ 45,377	\$ 3,790,861	\$ 203,084

The accompanying notes are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	TRUST FUNDS	AGENCY FUNDS
ASSETS AND OTHER DEBITS		
Cash and cash equivalents	\$ 514,298	\$ 164,492
Agency bonds	50,168,312	-
Accounts receivable - net	827	27,594
Interest receivable	7,802	-
Due from Other Governmental Units	-	31,181
TOTAL ASSETS	50,691,239	223,267
LIABILITIES		
Accounts payable	\$ 42,306	\$ 35,973
Other current liabilities	-	187,294
TOTAL LIABILITIES	42,306	223,267
NET ASSETS		
Held in trust for pension benefits	15,004,594	-
Held in trust for post employment benefits	35,644,339	-
Total held in trust	\$ 50,648,933	\$ -

The accompanying notes are an integral part of this statement.

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

	TRUST FUNDS
ADDITIONS:	
Contributions	
Employer	\$ 105,158
State	154,877
Total contributions	<u>260,035</u>
Investment income	
Interest	1,813,852
Net appreciation (depreciation) in fair value	1,663,368
Net investment income	<u>3,477,220</u>
TOTAL ADDITIONS	<u>3,737,255</u>
DEDUCTIONS:	
Benefits	3,735,558
Administrative expense	39,157
TOTAL DEDUCTIONS	<u>3,774,715</u>
CHANGE IN NET ASSETS	
Pension benefits	(319,691)
Postemployment healthcare benefits	282,231
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS	
Employees' pension benefits, January 1	4,824,285
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS	
Postemployment healthcare benefits, January 1	45,862,108
NET ASSETS - ENDING	<u>\$ 50,648,933</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>NOTE</u>	<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	39
	A. Reporting Entity	39
	B. Implementation of New Accounting Principle	40
	C. Government-Wide and Fund Financial Statements	40
	D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	41
	E. Assets, Liabilities and Net Assets or Equity	42
2	RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	46
3	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	47
4	DEPOSITS AND INVESTMENTS	48
5	PROPERTY TAXES	50
6	CAPITAL ASSETS AND DEPRECIATION	51
7	PENSION PLANS	53
8	OTHER POST EMPLOYMENT BENEFITS	64
9	RISK MANAGEMENT	68
10	LONG-TERM DEBT	70
11	LEASES AND OTHER CONTRACTUAL COMMITMENTS	74
12	CHANGES IN LONG-TERM LIABILITIES	76
13	CONTINGENCIES AND LITIGATION	76
14	CONDUIT DEBT	77
15	INTERFUND BALANCES AND TRANSFERS	77
16	RECEIVABLE AND PAYABLE BALANCES	79
17	JOINT VENTURES	80
18	POLLUTION REMEDIATION OBLIGATIONS	81
19	OTHER DISCLOSURES	82
	A. Prior Period Adjustments	82
	B. Subsequent Events	82
	REQUIRED SUPPLEMENTARY INFORMATION	83

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

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

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

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

The entire IDC's governing body is comprised of City council members and the mayor, who serves as ex officio. As a result, the City has the ability to affect the organization's operation. The IDC's account balances and transactions are included in the City's financial statements as a special revenue fund. The transactions, if any, are minimal; therefore, separate financial statements have not been issued.

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

The **Everett Public Facilities District (PFD)**, a municipal corporation of the State of Washington, was established by City ordinance in March 2001, to finance, design, construct, operate, and maintain a special events center. The Board of Directors consists of five members, all appointed by the Everett City Council. The City is contingently liable for the 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District (PFD). As of December 31, 2011, the outstanding 2007 Variable Rate Project Revenue Bonds balance was \$27,415,000. The PFD also has outstanding Limited Sales Tax and Interlocal Revenue Bond debt of \$24,570,000 at year end. Payments for the PFD

debt are expected to be made from PFD tax revenues and net project revenues. In the event that these revenues are insufficient to make any required payments, the City may be liable for the required payments on the outstanding 2007 Variable Rate Project Revenue Bond debt. The district is presented as an enterprise fund. Complete financial statements may be obtained at the PFD administrative offices at 2000 Hewitt Avenue, Suite 200, Everett, Washington 98201.

B. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Effective January 1, 2011, the City adopted the provisions of GASB Statement No. 54, Fund Balancing Reporting and Governmental Fund Type Definitions. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The components for reporting the City's fund balances are nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance cannot be spent because they are either not in spendable form such as inventory or prepaids or they are legally or contractually required to remain intact. Restricted fund balance includes amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments. Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. City Council is the City's highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use by City Council or Administration, but are considered neither restricted nor committed. The unassigned fund balance represents the residual net resources. The City maintains a formal policy that fund balance in the General Fund be at least 20 percent of operating revenues.

On February 17, 1993, City Council passed ordinance 1928-93 which established Contingency Reserve Fund. Per the ordinance, funds in the Contingency Reserve Fund can only be expended upon consensus agreement between Administration and City Council. Such expenditures can only be used when extraordinary needs arise that require immediate budget attention. Examples include natural and man-made disasters, civic unrest, and severe economic downturns. The balance in the Contingency Reserve Fund at December 31, 2011 was \$4.1 million and is included in the unassigned fund balance of the General Fund.

The City considers restricted amounts to have been spent when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned, amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The general fund's beginning fund balance increased by \$27.0 million as a result of implementing GASB Statement No. 54. Eleven funds previously reported as special revenue funds did not meet the new fund definitions and are now included in the general fund.

Several combining statements schedules have been included in order for the governmental funds financial statements to be in compliance with this statement.

C. 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the City's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly

benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The water and sewer utility fund accounts for the distribution and filtration of water, the collection and treatment of wastewater, the collection and treatment of sewage, and for surface water management.
- The transit fund accounts for public transit transportation services, including an elderly persons with disabilities van service and a rideshare program. The transit fund also accounts for the operation of Everett Station.

Additionally, the City reports the following fund types:

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

The City complies with all applicable GASB pronouncements. The City also complies with all private-sector standards of accounting and financial reporting issued prior to December 1, 1989, for enterprise fund financial statements to the extent that those standards do not conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance

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

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

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

E. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

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

Investments – See Note 4.

Receivables

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

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

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

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

Amounts Due to and from Other Governmental Units

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

Inventories and Prepayments

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

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

Restricted Assets and Liabilities

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

Restricted assets of governmental activities include the following:

Special assessments receivable	<u>\$ 141,932</u>
--------------------------------	-------------------

Restricted assets of business-type activities include the following:

Revenue bond debt service accounts	\$ 15,128,526
Escrow required by Snohomish County Health District	54,186
Special assessments receivable	<u>1,562</u>
Total	<u>\$ 15,184,274</u>

Capital Assets and Depreciation - See Note 6.**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused sick leave and vacation benefits.

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

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

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

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

Deferred Revenue

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

The components of deferred revenue as of December 31, 2011 are detailed below.

Deferred Revenue - unearned:	Governmental Activities	Business-Type Activities
Grant drawdowns prior to meeting all eligibility requirements	\$ 256,125	\$ -
Revenues received in advance	74,200	430,100
Contracts and agreements receivable	-	4,069
Total Deferred Revenue - unearned	<u>\$ 330,325</u>	<u>\$ 434,169</u>

Deferred Revenue - unavailable:	Governmental Funds
Delinquent property taxes receivable	\$ 1,397,804
Note receivable	1,174,200
Special assessments not yet due	141,932
Total Deferred Revenue - unavailable	<u>\$ 2,713,936</u>

Short-term Debt

The City did not issue short-term debt during 2011.

Long-term Debt

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

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

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

Other accrued liabilities

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

Fund Balances

Fund balance by classification for the year ended December 31, 2011 were as follows:

Fund Balances	General Fund	Capital Improvement Reserved Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Long Term Loans	\$ 1,140,000	\$ -	\$ 13,282,625	\$ 14,422,625
Advances to Other Funds	7,644,168	-	-	7,644,168
Prepayments	153,478	-	-	153,478
Restricted for:				
Capital Projects	-	2,224,561	-	2,224,561
Tourism	-	-	319,313	319,313
Parks & Recreation	-	-	2,561,838	2,561,838
Animal Services	-	-	366,730	366,730
Capital Projects	-	-	5,953,371	5,953,371
Public Safety	-	-	8,171,088	8,171,088
Traffic Improvement Projects	-	-	3,416,109	3,416,109
CHIP Loans	-	-	1,620,593	1,620,593
Committed to:				
1% for the Art	467,553	-	-	467,553
Assigned to :				
Capital Projects	-	22,893,618	-	22,893,618
Streets Improvements	-	-	3,971,277	3,971,277
Parks & Recreation	-	-	834,419	834,419
Animal Services	-	-	90,896	90,896
Library Services	-	-	488,055	488,055
Public Safety	-	-	16,196	16,196
Debt Service	-	-	104,223	104,223
Tranasportion Improvements	-	-	1,003,936	1,003,936
Facility Construction Projects	-	-	823,861	823,861
Unassigned:				
	43,994,603	-	(369,095)	43,625,508
Total Fund Balances	\$ 53,399,802	\$ 25,118,179	\$ 42,655,435	\$ 121,173,416

At December 31, 2011 the non-major governmental funds included a deficit unassigned fund balance of \$369 thousand. The deficit balance occurred in the Emergency Medical Service Fund, Bond Redemption Fund, and Riverfront Development Fund. The negative residual amount is classified as a deficit unassigned fund balance.

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

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

Governmental balance sheets reconciliation

Capital assets not reported in total governmental funds:

Cost of capital assets	\$ 424,541,595
Fair value of annexed land and infrastructure	1,827,540
Accumulated depreciation	<u>(119,277,595)</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net assets of governmental activities.	<u>\$ 307,091,540</u>
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Long-term debt not reported in total governmental funds:

Bonds payable	\$ (27,630,907)
Compensated absences accrued	(8,384,085)
Deferred charge for issuance costs (to be amortized over the life of the debt)	153,830
Unamortized balance of bond premiums	(152,961)
Accrued interest payable	(76,406)
Capital leases	<u>(4,649)</u>

Net adjustment to reduce total fund balances of government funds to arrive at net assets of governmental activities	<u>\$ (36,095,178)</u>
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Internal service funds reported separately with business-type funds:

Internal service funds - total fund equity	\$ 2,637,609
Amount allocated to internal balances - business-type activities	<u>4,350,971</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net assets of governmental activities.	<u>\$ 6,988,580</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

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

Governmental revenues/expenditures reconciliation

The net effect of various miscellaneous transactions involving capital assets:

Book value of disposed assets:	
Cost of government-type capital assets disposed	\$ (601,323)
Accumulated depreciation of disposed assets	<u>571,613</u>
Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (29,710)</u>

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

Expenditures that are capitalized	\$ 12,030,388
Current depreciation expense	<u>(9,323,194)</u>
Net adjustment to increase (reduce) net change in fund balance-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 2,707,194</u>

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

Principal payments on long-term debt	\$ 419,316
Decrease (increase) in interest payable	(5,757)
Decrease (increase) in compensated absences liability	(37,115)
Amortization of issuance costs	(9,614)
Amortization of bond premium	<u>9,560</u>
Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 376,390</u>

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

Interest revenue allocated from internal service funds to governmental activities	\$ 236,556
Net expense allocated from internal service funds to governmental activities	188,713
Interfund transfers in	<u>(80,000)</u>
Net adjustment to reduce net change in fund balances-total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 345,269</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

Scope of Budget

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

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

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

Amending the Budget

The Mayor is authorized to transfer appropriations between programs within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding public hearings. The budget was amended by ordinance three times in 2011.

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

Compliance

As of December 31, 2011, the following funds reported deficits in fund balance:

Fund 153 – Emergency Medical Services as of December 31 had a deficit fund balance of \$290,716. In April of 2010, voters restored the EMS levy rate to \$0.50 per \$1,000 of assessed value – effective for the 2011 tax levy, which was expected to eliminate the deficit balance. However, declining assessed values have diminished the impact of the levy restoration by reducing the amount that can be collected under the 50 cent levy rate cap. As a result, Fund 153 has not yet generated sufficient resources to restore its fund balance. The City is currently investigating various cost saving measures to eliminate the remaining deficit.

Fund 210 – Bond Redemption Fund had a deficit fund balance of \$5,000, a transfer from CIP2 will eliminate the deficit in 2012.

Fund 308 – Riverfront Development Fund had a deficit fund balance of \$73,379. This deficit will be eliminated by transfer from General Fund in 2012.

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

Investments

As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, the State of Washington Local Government Investment Pool, Bankers' Acceptances or certificates of deposit with Washington State Banks that are approved by the Washington State Protection Commission (PDPC) to accept public funds.

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

All Fire and Police Pension Fund investments are purchased through and held by RBC Wealth Management, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC (New York Stock Exchange/Financial Industry

Regulatory Authority/Securities Investor Protection Corporation). Fire and Police Pension assets are protected by the SIPC up to \$500,000 per account (of which \$250,000 may be cash). RBC Wealth Management has an additional policy which provides up to an additional \$99.5 million per SIPC qualified account (of which \$900,000 may be cash) subject to a total maximum aggregate of \$400 million. Neither SIPC protection, nor protection in excess of that provided by SIPC, covers a decline in the value of customer's assets due to market loss.

Interest Rate Risk

In accordance with the City's Investment Policy, maturities of investments are selected based on the City's liquidity requirements and market conditions to limit exposure to fair value losses arising from rising interest rates and maximize earnings within a conservative framework. The weighted average maturity of the City's portfolio on December 31, 2011, was 5.2 years.

The LGIP is an un-rated 2a-7 like pool, as defined by GASB Statement No. 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90days

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk for Cash Deposits

In accordance with state law and the city's Investment Policy, all cash deposits are held in banks that are authorized by the PDPC to accept public deposits. In order to receive and maintain PDPC approval, banks must collateralize all uninsured public deposits at 100 percent.

As of December 31, 2011, the City had the following investments and maturities:

	FAIR VALUE	Weighted Avg Maturity (in years)
Investments:		
Agencies:		
FHLMC	\$ 18,357,320	
FFCB	24,308,829	
FHLB	41,729,434	
FNMA	59,636,257	
Total Investments	<u>\$ 144,031,840</u>	
Deposits:		
State Pool	\$ 54,237,736	
Deposit Account - Opus Bank	2,862,784	
Total Deposits	<u>\$ 57,100,520</u>	
TOTAL INVESTMENTS & DEPOSITS	<u>\$ 201,132,360</u>	5.2

Interest Allocation

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

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

NOTE 5 - PROPERTY TAXES

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

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

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

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

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

For 2011, the City levied the following property taxes on an assessed value of \$12,363,443,145. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

PURPOSE OF LEVY	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General government	\$2.608	\$ 32,238,578
Emergency medical services	0.500	6,181,722
TOTAL CITY LEVY	\$3.108	\$ 38,420,299

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

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

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

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 01/01/11	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 12/31/11
Capital assets, not being depreciated or amortized:					
Land	\$ 58,748,907	\$ 299,283	\$ 517,884	\$ -	\$ 59,566,074
Construction in progress *	11,752,845	8,719,613	(5,203,191)	(49,661)	15,219,606
Total capital assets, not being depreciated or amortized	<u>70,501,752</u>	<u>9,018,896</u>	<u>(4,685,307)</u>	<u>(49,661)</u>	<u>74,785,680</u>
Capital assets, being depreciated or amortized:					
Buildings	86,289,122	49,429	1,363,008	-	87,701,559
Improvements other than buildings	29,925,268	59,555	8,351	(898,140)	29,095,034
Infrastructure	205,943,990	2,607,859	3,313,948	-	211,865,797
Machinery and equipment	25,052,023	621,141	-	(661,653)	25,011,511
Intangibles	586,546	30,450	-	-	616,996
Total capital assets being depreciated or amortized	<u>347,796,949</u>	<u>3,368,434</u>	<u>4,685,307</u>	<u>(1,559,793)</u>	<u>354,290,897</u>
Less accumulated depreciation or amortization for:					
Buildings	(27,138,822)	(1,960,576)	-	-	(29,099,398)
Improvements other than buildings	(15,067,704)	(1,411,347)	-	673,464	(15,805,587)
Infrastructure	(54,755,664)	(4,535,644)	-	-	(59,291,308)
Machinery and equipment	(15,484,441)	(1,595,855)	-	624,036	(16,456,260)
Intangibles	(269,453)	(103,945)	-	-	(373,398)
Total accumulated depreciation and amortization	<u>(112,716,084)</u>	<u>(9,607,367)</u>	<u>-</u>	<u>1,297,500</u>	<u>(121,025,951)</u>
Total capital assets being depreciated or amortized, net	<u>235,080,865</u>	<u>(6,238,933)</u>	<u>4,685,307</u>	<u>(262,293)</u>	<u>233,264,946</u>
Governmental activities capital assets, net	<u>\$ 305,582,617</u>	<u>\$ 2,779,963</u>	<u>\$ -</u>	<u>\$ (311,954)</u>	<u>\$ 308,050,626</u>

* The deletion of construction in progress costs of \$49,661 in governmental activities represents project costs that did not result in a capital asset and that were expensed in the current year.

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

BUSINESS-TYPE ACTIVITIES	BEGINNING	ADDITIONS	TRANSFERS	DELETIONS	ENDING
	BALANCE 01/01/11				BALANCE 12/31/11
Capital assets, not being depreciated:					
Land	\$ 32,636,923	\$ -	\$ 128,429	\$ -	\$ 32,765,352
Construction in progress *	70,545,166	34,134,874	(46,012,542)	(1,920,330)	56,747,168
Total capital assets, not being depreciated	103,182,089	34,134,874	(45,884,113)	(1,920,330)	89,512,520
Capital assets, being depreciated					
Buildings	181,362,404	-	39,802	-	181,402,206
Improvements other than buildings	407,359,970	545,299	32,862,380	-	440,767,649
Infrastructure	-	-	1,917,502	-	1,917,502
Machinery and equipment	32,598,496	587,642	238,563	(661,809)	32,762,892
Intangibles	5,282,487	-	10,825,866	-	16,108,353
Total capital assets being depreciated	626,603,357	1,132,941	45,884,113	(661,809)	672,958,602
Less accumulated depreciation for:					
Buildings	(52,282,967)	(3,830,621)	-	-	(56,113,588)
Improvements other than buildings	(123,833,188)	(8,754,267)	-	-	(132,587,455)
Machinery and equipment	(20,252,848)	(2,128,929)	-	573,454	(21,808,323)
Intangibles	(5,123,247)	(42,458)	-	-	(5,165,705)
Total accumulated depreciation	(201,492,250)	(14,756,275)	-	573,454	(215,675,071)
Total assets being depreciated, net	425,111,107	(13,623,334)	45,884,113	(88,355)	457,283,531
Business-type activities capital assets, net	\$ 528,293,196	\$ 20,511,540	\$ -	\$ (2,008,685)	\$ 546,796,051

* The deletion of construction in progress costs of \$1,920,330 in business-type activities represents project costs that did not result in a capital asset and that were expensed in the current year.

Depreciation

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

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

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

GOVERNMENTAL ACTIVITIES	
General government services	\$ 467,620
Police	936,537
Fire	738,922
Engineering & construction services	264,845
Transportation	4,151,738
Community services	123,514
Library	753,423
Culture and recreation	2,010,408
Internal service allocated to business-type activities	160,360
Total depreciation - governmental activities	\$ 9,607,367
BUSINESS-TYPE ACTIVITIES	
Water	\$ 5,142,660
Sewer	6,042,188
Solid waste	274,808
Parking	42,926
Transit	2,883,164
Golf	530,889
Internal service allocated to business-type activities	(160,360)
Total depreciation - business-type activities	\$ 14,756,275
Total depreciation - all activities	\$ 24,363,642

NOTE 7 - PENSION PLANS

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

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

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

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

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

PERS Plan 1 and 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a

survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

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

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

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

- With a benefit that is reduced by three percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

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

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

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

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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

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

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at three percent annually.

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

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

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

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

Judicial Benefit Multiplier

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

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

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

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

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

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the

defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2011 are as follows:

Members not participating in JBM:

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

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

** The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% for Plans 2 and 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.

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

Members participating in JBM:

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

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

** Plan 3 defined benefit portion only.

*** Minimum rate.

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

Members not participating in JBM:

		PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	\$	167,552	\$ 2,578,360	\$ 480,993
2010	\$	171,041	\$ 2,230,772	\$ 413,232
2009		254,104	2,789,720	531,976

Members participating in JBM:

		PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	\$	-	\$ 7,007	\$ -
2010		-	5,968	\$ -
2009		-	7,884	-

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

Plan Descriptions

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

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

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

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service, calculated as a percent of final average salary (FAS), is as follows:

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

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

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

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

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

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

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

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

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

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

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

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

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

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

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

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

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

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

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2011 were as follows:

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

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

** The employer rate for ports and universities is 8.62%.

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

	LEOFF Plan 1	LEOFF Plan 2
2011	\$ 1,416	\$ 1,771,396
2010	1,935	1,807,435
2009	2,321	1,854,300

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2**Plan Description**

The Legislature created PSERS in 2004 and the system became effective July 1, 2006. PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

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

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

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

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

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

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

PSERS Plan 2 members are vested after completing five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

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

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

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

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

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

Retirees and Beneficiaries Receiving Benefits	7
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	4,210
Total	4,217

Funding Policy

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, were as follows:

PSERS Plan 2	
Employer *	8.86%
Employee	6.36%

* The employer rates include an employer administrative expense fee of 0.16%.

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

PSERS Plan 2	
2011	\$ 51,894
2010	49,444
2009	55,608

FIRE PENSION FUND / POLICE PENSION FUND

Plan Description

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

Membership of the Plans consisted of the following as of December 31, 2011:

- Retirees and beneficiaries of deceased retirees retiring prior to March 1, 1970 currently receiving full pension benefits from the Fire and Police Pension Fund number 4 and 6, respectively.
- Retirees and beneficiaries of deceased retirees retiring on or after March 1, 1970 currently receiving benefits in excess of what LEOFF provides from the Fire and Police Pension Funds number 91 and 45, respectively.

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

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

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

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

The Police Pension Fund is administered by a police pension board comprised of the mayor or his designated representative who shall be an elected official of the City, the City clerk, the City treasurer, president of the City council, and three active or retired members of the police department elected by active and retired members of the police department.

Summary of Significant Accounting Policies

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

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

Funding Policy

There have been no employee contributions to the fire pension plan since March 1, 1970. The primary sources of funding for this plan are property taxes levied by the City and interest earnings. In addition, State Law earmarks 25 percent of the tax on fire insurance premiums collected by the State for distribution to cities for fire pensions. In 2011, the City received \$154,877 in fire insurance premium tax.

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

Administrative costs for both plans are financed through interest earnings.

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

	FIRE PENSION FUND	POLICE PENSION FUND
Annual Required Contribution (ARC)	\$ (111,256)	\$ 53,549
Actuarial Adjustment to ARC	95,307	56,113
Interest on Net Pension Obligation (Asset)	<u>(95,307)</u>	<u>(56,113)</u>
Annual Pension Cost (APC)	(111,256)	53,549
Contributions Made	<u>154,877</u>	<u>-</u>
Increase / (Decrease) in Pension Obligation	(266,133)	53,549
Net Pension Obligation (Asset) at beginning of year	(1,906,137)	(1,122,254)
Net Pension Obligation (Asset) at end of year	<u>\$ (2,172,270)</u>	<u>\$ (1,068,705)</u>

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

There was a prior period adjustment in 2011 to correct the original distribution of assets between pension and OPEB obligations that occurred in 2006 when the city implemented GASB Statements No. 43 & No. 45 requirements. The adjustments included a transfer of \$6.0 million from Fire's OPEB account to its Pension account, and a transfer of \$4.5 million from Police's OPEB account to its Pension account. Years affected by the changes are 2007 through 2010. The following schedules present three-year trend information for the Fire and Police Pension Funds. The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

FIRE PENSION FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2011	\$ (111,256)	*	\$ (2,172,270)
December 31, 2010	109,752	136.6%	(1,906,137)
December 31, 2009	101,003	200.6%	(1,865,923)

POLICE PENSION FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2011	\$ 53,549	0.0%	\$ (1,068,705)
December 31, 2010	40,211	0.0%	(1,122,254)
December 31, 2009	35,778	179.9%	(1,162,465)

* No percentage contributed is presented for 2011, because the Annual Required Contribution (ARC) was negative. The actual contribution made to the Fire Pension Fund in 2011 was \$154,877

Funded Status and Funding Progress

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

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

As of December 31, 2010 the Fire pension plan was 129% funded. The actuarial accrued liability for benefits was \$7.9 million, the actuarial value of assets was \$10.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$2.3 million). The covered payroll (annual payroll of active employees covered by the plan) was \$891,440, and the ratio of the UAAL to the covered payroll was (256.56)%.

As of December 31, 2010 the Police pension plan was 83% funded. The actuarial accrued liability for benefits was \$6.1 million, the actuarial value of assets was \$5.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$767,633, and the ratio of the UAAL to the covered payroll was 136.15%.

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

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police Pension funds. The most recent actuarial study of the Fire and Police Pension Fund systems was computed by Northwest Plan Services to determine the funded status as of December 31, 2010. The actuarial cost method used in the valuation was the Aggregate Cost Method, with the annual normal cost spread over the pension period ending December 31, 2030. Under the Aggregate Cost Method, the present value of all future projected benefits expected to be paid out by the plan is determined as of the valuation date. From this amount, the current market value of plan assets is deducted. Also deducted in the Fire Pension Fund is the expected present value of future fire insurance premiums. Then, the amount necessary to actuarially fund the net present value is determined, assuming a closed amortization period of 20 years, that the City's contribution will be increased at 5 percent each year, and that the fire insurance premiums will continue to be remitted to the Fire Pension Fund until the fund is exhausted. This amortization method approximates the level percentage of payroll amortization method.

The Aggregate Cost Method does not generate an unfunded actuarial liability, separately amortize unfunded actuarial liabilities, or separately identify the actuarial gain or loss for the year. All covered employees and benefits are included in the valuation. The mortality rates are determined using the RP-2000 mortality tables for males and females, projected to 2015 with Scale AA.

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

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

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Plan Descriptions

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

There are 5 active firefighter plan participants and 120 firefighter retirees currently receiving benefits. There are 2 active law enforcement plan participants and 85 law enforcement retirees currently receiving benefits.

Summary of Significant Accounting Policies

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

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

Funding Policy

Neither Fire nor Police retirees contribute towards the cost of his/her medical care. The primary sources of funding for both plans are property taxes levied by the City and interest earnings. In addition, the City receives a small Medicare D subsidy. In 2011, the City received \$105,158 in Medicare D reimbursements, which were split between the two funds. Administrative costs are financed through interest earnings.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The

ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over the next 19 years. The following table shows the components of the City's annual OPEB costs for the year, the amounts actually contributed to the plans, and the change in the City's net OPEB asset.

	FIRE HEALTHCARE FUND	POLICE HEALTHCARE FUND
Annual Required Contribution (ARC)	\$ 1,270,612	\$ 1,113,542
Actuarial Adjustment to ARC	109,088	136,677
Interest on Net OPEB Obligation (Asset)	<u>(109,088)</u>	<u>(136,677)</u>
Annual OPEB Cost (expense)	1,270,612	1,113,542
Contributions Made	<u>52,579</u>	<u>52,579</u>
Increase / (Decrease) in OPEB Obligation	1,218,033	1,060,963
Net OPEB Obligation (Asset) at beginning of year	(3,134,540)	(3,609,592)
Prior Year Adjustment	952,790	876,055
Net OPEB Obligation (Asset) at end of year	<u><u>\$ (963,717)</u></u>	<u><u>\$ (1,672,574)</u></u>

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

There was a prior period adjustment in 2011 to correct the original distribution of assets between pension and OPEB obligations that occurred in 2006 when the city implemented GASB Statements No. 43 & No. 45 requirements. The adjustments included a transfer of \$6.0 million from Fire's OPEB account to its Pension account, and a transfer of \$4.5 million from Police's OPEB account to its Pension account. Years affected by the changes are 2007 through 2010. The following schedules present three-year trend information for the Fire and Police OPEB Funds. The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

FIRE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 1,270,612	4.1%	\$ (963,718)
December 31, 2010	1,053,560	4.3%	(2,181,750)
December 31, 2009	995,774	37.5%	(3,189,762)
POLICE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 1,113,542	4.7%	\$ (1,672,574)
December 31, 2010	1,072,220	4.2%	(2,733,537)
December 31, 2009	1,009,855	40.3%	(3,760,208)

Funded Status and Funding Progress

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

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

As of December 31, 2010 the Fire healthcare plan was 46% funded. The actuarial accrued liability for benefits was \$48.3 million, the actuarial value of assets was \$22.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$26.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$891,440, and the ratio of the UAAL to the covered payroll was 2930.02%.

As of December 31, 2010 the Police Healthcare plan was 38% funded. The actuarial accrued liability for benefits was \$35.0 million, the actuarial value of assets was \$13.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$21.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$767,633, and the ratio of the UAAL to the covered payroll was 2831.31%.

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

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police OPEB funds. The most recent actuarial study of the Fire and Police OPEB Fund systems was computed by Northwest Plan Services to determine the funded status as of December 31, 2010. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used in the valuation was the Aggregate Cost Method, with the annual normal cost spread over the pension period ending December 31, 2030. Under the Aggregate Cost Method, the present value of all future projected benefits expected to be paid out by the plan is determined as of the valuation date. From this amount, the current market value of plan assets is deducted. Then, the amount necessary to actuarially fund the net present value is determined assuming a closed amortization period of 20 years and that the City's contribution will be increased at 5 percent each year. This amortization method approximates the level percentage of payroll amortization method.

The Aggregate Cost Method does not generate an unfunded actuarial liability, separately amortize unfunded actuarial liabilities, or separately identify the actuarial gain or loss for the year. All covered employees and benefits are included in the valuation. The mortality rates are determined using the RP-2000 mortality tables for males and females, projected to 2015 with Scale AA.

Additional actuarial assumptions include: a 5% interest rate; a medical cost trend rate assumption of 12.0% in year 1, grading down to 7.5% in year 10 and after.

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

STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2011

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 48,075	\$ 55,337	\$ 141,131	\$ 269,755	\$ 514,298
Investments					
Agency Bonds	4,730,683	13,129,831	10,084,095	22,223,703	50,168,312
Accounts receivable - net	827	-	-	-	827
Interest receivable	-	-	-	7,802	7,802
TOTAL ASSETS	4,779,585	13,185,168	10,225,226	22,501,260	50,691,239
LIABILITIES					
Accounts payable	\$ 217	\$ 11,749	\$ -	\$ 30,340	42,306
TOTAL LIABILITIES	217	11,749	-	30,340	42,306
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 4,779,368	\$ 13,173,419	\$ 10,225,226	\$ 22,470,920	\$ 50,648,933

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

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 52,579	\$ -	\$ 52,579	\$ 105,158
State	-	-	154,877	-	154,877
Total contributions	-	52,579	154,877	52,579	260,035
Investment income					
Interest	139,545	503,746	231,903	938,658	1,813,852
Net appreciation (depreciation) in fair value	81,080	388,146	229,704	964,438	1,663,368
Net investment income	220,625	891,892	461,607	1,903,096	3,477,220
TOTAL ADDITIONS	220,625	944,471	616,484	1,955,675	3,737,255
DEDUCTIONS:					
Benefits	533,545	970,117	619,526	1,612,370	3,735,558
Administrative expense	-	17,714	3,729	17,714	39,157
TOTAL DEDUCTIONS	533,545	987,831	623,255	1,630,084	3,774,715
CHANGE IN NET ASSETS					
Pension benefits	(312,920)		(6,771)		(319,691)
Postemployment healthcare benefits		(43,360)		325,591	282,231
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	592,288		4,231,997		4,824,285
Prior Period Corrections	4,500,000	(4,500,000)	6,000,000	(6,000,000)	-
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		17,716,779		28,145,329	45,862,108
NET ASSETS - ENDING	\$ 4,779,368	\$ 13,173,419	\$ 10,225,226	\$ 22,470,920	\$ 50,648,933

NOTE 9 - RISK MANAGEMENT

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

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

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

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

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

Everett Transit is a member of the Washington State Transit Insurance Pool (WSTIP). Liability insurance is provided through the Pool with limits of \$20,000,000 and a \$0 deductible for auto and general liability, and limits of \$12,000,000, with a \$5,000 deductible for public officials' liability.

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

At December 31, 2011 the estimated liability totaled \$10,399,444, consisting of \$5,555,138 for tort liability, \$4,683,197 for workers' compensation, and \$161,109 for unemployment compensation. These estimates are based on the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are not discounted.

Changes in the funds' claims liability amounts in fiscal years 2010 and 2011 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
Tort Liability:					
2011	5,974,443	1,473,741	(302,293)	(1,590,753)	5,555,138
2010	6,402,986	1,649,809	(401,802)	(1,676,550)	5,974,443
Workers' Compensation:					
2011	6,157,432	1,957,667	(841,045)	(2,590,857)	4,683,197
2010	4,541,102	2,245,893	1,473,216	(2,102,779)	6,157,432
Unemployment Compensation:					
2011	156,146	210,681	42,142	(247,860)	161,109
2010	108,977	216,203	71,191	(240,225)	156,146

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

In order to mitigate its risk exposure the City holds individual and aggregate stop loss insurance, and maintains both claims fluctuation and liability reserves. The claims fluctuation reserve was \$50,000 at December 31, 2011. The liability reserve was \$1,870,053 at December 31, 2011, and is based on an analysis of the most recent twelve months of incurred claims with applied monthly completion factors.

Changes in the fund's claims liability in fiscal years 2010 and 2011 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
IBNR Liability:					
2011	2,025,868	8,081,398	(155,815)	(8,081,398)	1,870,053
2010	1,650,186	8,306,075	375,682	(8,306,075)	2,025,868

NOTE 10 - LONG-TERM DEBT**General Obligation Bonds**

The City issues general obligation bonds to finance the purchase, acquisition, and/or the construction of capital assets. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 to 25-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding at December 31, 2011 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF ISSUE	DATE OF		INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
		FINAL MATURITY			ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
Governmental Activities							
01 Variable Rate Demand Bonds - capital	12-13-01	12-13-21		Variable	13,000,000	1,600,000	11,400,000
03 LTGO and Refunding Bonds - capital	01-01-03	12-31-27		3.00-5.00%	19,200,000	4,400,000	14,800,000
Total Governmental Activities					32,200,000	6,000,000	26,200,000
Business Activities							
10 LTGO Bonds - capital	03-26-10	12-01-19		1.00-4.25%	10,500,000	2,300,000	8,200,000
Total Business Activities					10,500,000	2,300,000	8,200,000
TOTAL GENERAL OBLIGATION BONDS					\$ 42,700,000	\$ 8,300,000	\$ 34,400,000

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2012	2,150,000	745,800	2,895,800	1,200,000	254,000	1,454,000
2013	1,400,000	729,400	2,129,400	1,000,000	230,000	1,230,000
2014	1,400,000	703,000	2,103,000	1,000,000	208,750	1,208,750
2015	1,550,000	673,600	2,223,600	1,000,000	182,500	1,182,500
2016	2,100,000	637,450	2,737,450	1,000,000	152,500	1,152,500
2017 - 2021	12,200,000	2,653,925	14,853,925	3,000,000	245,000	3,245,000
2022 - 2026	5,500,000	650,000	6,150,000	-	-	-
2026 - 2031	100,000	5,000	105,000	-	-	-
TOTAL	\$26,400,000	\$ 6,798,175	\$ 33,198,175	\$ 8,200,000	\$ 1,272,750	\$ 9,472,750

Interest on the 2001 Variable Rate Demand Bonds is paid monthly at a rate to be determined weekly using the Securities Industry and Financial Markets Association Municipal Swap Index. The rate in effect at 12/31/11 was 0.10%. In addition, the City pays a quarterly management fee assessed at 50 basis points on the outstanding principal balance and an annual remarketing fee assessed at 10 basis points on the outstanding principal balance. These bonds contain a put feature that allows bondholders to demand payment at par with seven days notice. As a condition to the issuance of the Bonds, the City obtained a direct pay letter of credit issued by Bank of New York. The Letter of Credit is an irrevocable obligation of the Bank with an available amount equal to the sum of the outstanding principal plus 35 days of interest. This Letter of Credit will remain in force until November 16, 2014, at which time the City will seek a renewal. The bonds are also subject to redemption, in whole or in part, at the option of the City on any interest payment date at a redemption price equal to the principal amount thereof. The entire issue matures December 1, 2021.

Revenue Debt

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

The revenue bonds listed below will be repaid solely from water/sewer customer net revenues and are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$258,993,426. Principal and interest expense for the current year and total customer net revenues were \$10,155,697 and \$27,447,209 respectively.

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

Revenue bonds outstanding at December 31, 2011 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF		INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
	DATE OF ISSUE	FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
02 Water/Sewer Revenue Bonds - capital	06-03-02	07-01-12	3.0-4.5%	5,260,000	4,635,000	625,000
03 Water/Sewer Revenue Bonds - capital	05-15-03	07-01-27	2.0-5.0%	58,090,000	21,340,000	36,750,000
05 Water/Sewer Revenue Bonds - capital	10-14-05	12-01-30	3.75-5.0%	35,000,000	190,000	34,810,000
09 Water/Sewer Revenue Bonds - capital	12-01-09	12-01-33	2.0-5.0%	40,000,000	3,705,000	36,295,000
11 Water/Sewer Revenue Bonds - capital	03-09-11	12-01-35	2.5-5.0%	51,000,000	-	51,000,000
TOTAL REVENUE BONDS				\$ 189,350,000	\$ 29,870,000	\$ 159,480,000

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

YEAR ENDING DECEMBER 31,	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2012	3,425,000	7,527,089	10,952,089
2013	3,560,000	7,403,676	10,963,676
2014	5,110,000	7,252,576	12,362,576
2015	5,345,000	7,014,301	12,359,301
2016	5,595,000	6,756,251	12,351,251
2017 - 2021	31,965,000	29,775,681	61,740,681
2022 - 2026	40,545,000	21,118,450	61,663,450
2027 - 2031	45,415,000	10,591,688	56,006,688
2032 - 2035	18,520,000	2,073,713	20,593,713
TOTAL	\$ 159,480,000	\$ 99,513,426	\$ 258,993,426

Other Long Term Debt

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

Other long-term debt outstanding, as of December 31, 2011, is presented on the following page.

NAME OF ISSUE/PURPOSE	DATE OF		INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
	DATE OF ISSUE	FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
Governmental Activities						
Snohomish County/Everett Memorial Stadium	06-30-95	06-30-14	0.00%	\$ 1,046,220	\$ 889,287	\$ 156,933
Public Works Trust Fund Loan - 75th Street	09-23-96	07-01-16	2.00%	930,880	642,249	288,631
Public Works Trust Fund Loan - Riverfront	04-28-99	07-01-18	2.00%	1,000,000	620,743	379,257
Public Works Trust Fund Loan - 112th Street	12-22-02	07-01-22	0.50%	1,000,000	393,914	606,086
Total Governmental Activities				3,977,100	2,546,193	1,430,907
Business Activities						
PWTFL Water Transmission Line	07-01-91	07-01-11	1.00%	2,500,000	2,500,000	-
PWTFL Water Transmission Line	07-01-93	07-01-13	3.00%	3,232,931	2,892,138	340,794
PWTFL Water Transmission Line	06-06-94	07-01-14	3.00%	3,500,000	2,944,298	555,702
PWTFL Water Transmission Line	08-02-95	07-01-15	1.00%	651,183	539,914	111,268
PWTFL Sewer Basement Flooding Reduction	07-01-01	07-01-21	1.00%	1,881,000	891,000	990,000
PWTFL Water Transmission Line	07-01-01	07-01-21	1.00%	4,252,792	2,017,917	2,234,875
PWTFL Cross-Town Effluent Pipeline	05-13-03	07-01-23	0.50%	5,490,000	2,013,000	3,477,000
PWTFL Water Transmission Lines #2-3	11-17-03	11-17-23	0.50%	841,671	302,707	538,964
PWTFL Treatment Plant Upgrade	04-25-05	07-01-25	0.50%	9,500,000	2,111,111	7,388,889
PWTFL Comprehensive Water Plan	10-04-05	07-01-11	0.00%	100,000	100,000	-
SRF Clearwell No. 2	03-03-06	10-01-25	1.50%	4,040,000	923,968	3,116,032
SRF Clearwell No. 2	12-21-07	10-01-26	1.50%	4,040,000	850,526	3,189,474
SRF Clearwell No. 2	03-03-08	10-01-27	1.50%	3,030,000	478,421	2,551,579
SRF Clearwell No. 2	08-22-08	10-01-29	1.50%	4,040,000	413,567	3,626,433
SRF Recovered Water Outfall	08-05-09	10-01-29	1.50%	1,376,473	72,375	1,304,097
SRF Bond Street CSO	10-13-10	10-31-31	2.90%	861,373	-	861,373
PWTFL Water Pollution Facility Expansion	06-25-06	07-01-26	0.50%	7,000,000	1,473,684	5,526,316
Everett Riverside Property Purchase Loan	12-30-09	06-01-13	5.45%	4,094,836	2,274,201	1,820,635
Mukilteo Water District	1/1/2011	9/30/2024	7.82%	140,883	15,411	125,471
Total Business Activities				60,573,140	22,814,238	37,758,902
TOTAL OTHER LONG-TERM DEBT				\$ 64,550,240	\$ 25,360,431	\$ 39,189,809

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITES			BUSINESS-TYPE ACTIVITES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2012	219,316	9,709	229,025	4,106,657	458,285	4,564,942
2013	219,316	8,315	227,631	3,460,734	364,845	3,825,579
2014	219,316	6,920	226,236	2,702,981	322,622	3,025,603
2015	167,005	5,526	172,531	2,517,747	294,263	2,812,010
2016	167,007	4,131	171,138	2,489,930	267,756	2,757,686
2017 - 2021	383,852	7,135	390,987	12,421,805	945,569	13,367,374
2022 - 2026	55,095	275	55,370	9,040,244	351,178	9,391,422
2027 - 2031	-	-	-	1,018,804	37,247	1,056,051
TOTAL	\$ 1,430,906	\$ 42,012	\$ 1,472,918	\$ 37,758,902	\$ 3,041,764	\$ 40,800,666

Bond Covenants, Limitations and Restrictions

At December 31, 2011, restricted assets of enterprise funds include \$15,128,526 for bond redemption. The City has also purchased a surety policy for the 2002 Water and Sewer Revenue Bonds. These represent redemption funds and reserve requirements as contained in the various bond ordinances.

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

Debt Limit

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

Segment 1 - General Governmental Purposes

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

Segment 2 - City-Owned Water and Sewer Purposes

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

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

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

At December 31, 2011 the debt limits for the City were as follows:

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	<u>Without Vote</u> (Councilmanic)	<u>With Vote</u>	<u>With Vote</u>	<u>With Vote</u>
	1.50%	1.00%	2.50%	2.50%
Legal Limits, Net	\$ 185,451,647	\$ 123,634,431	\$ 309,086,079	\$ 309,086,079
Net Outstanding Indebtedness	35,835,556	-	-	-
Margin Available	\$ 149,616,091	\$ 123,634,431	\$ 309,086,079	\$ 309,086,079

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

NOTE 11 - LEASES AND OTHER CONTRACTUAL COMMITMENTS**Lease Receivables**

Everett Transit owns transportation hub Everett Station, and leases office and retail space. As of December 31, 2011, the asset cost of Everett Station was \$47,025,304, with accumulated depreciation of \$9,964,948, resulting in a cost net of depreciation of \$37,060,356. Noncancelable leases provide for minimum annual payments as follows:

Year Ending December 31	Minimum Future Rentals
2012	\$ 38,367
2013	38,367
2014	38,367
2015	38,367
2016	38,367
Total	<u>\$ 191,835</u>

Operating Leases and Other Contractual Commitments

The City leases equipment and office and storage space under noncancelable operating leases. Total operating lease expenditures for 2011 were \$545,190 in governmental activities and \$491,311 in business-type activities. The City also contracts for certain professional services such as the management of golf courses and parking facilities and the monitoring and maintenance of equipment such as elevators, heating, ventilation and air conditioning, and fire alarm systems in City buildings. Commitments under lease and professional service contractual agreements provide for minimum annual payments as follows:

Year Ending December 31	Leases	Professional Services
2012	\$ 301,154	\$ 1,359,446
2013	285,023	253,409
2014	785	31,819
2015	-	31,587
2016	-	24,675
Total	<u>\$ 586,961</u>	<u>\$ 1,700,937</u>

Capital Leases

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

The assets acquired through capital leases as of December 31, 2011 appear as follows:

	Governmental Fund	Enterprise Funds
Machinery and equipment	\$ 7,977	\$ 55,468
Less accumulated depreciation	(3,191)	(33,281)
Machinery and equipment, net of depreciation	<u>\$ 4,786</u>	<u>\$ 22,187</u>

The future minimum lease obligations and the net present value of minimum lease payments as of December 31, 2011 appear as follows:

Year Ending December 31	Governmental Fund	Enterprise Funds
2012	\$ 2,201	\$ 13,559
2013	2,201	14,791
2014	1,100	-
Total minimum lease payments	5,502	28,350
Less amounts attributable to interest	(852)	(3,125)
Net present value of minimum lease payments	\$ 4,650	\$ 25,225

Construction Commitments

As of December 31, 2011, the City had other outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The City's total outstanding contract obligations are summarized as follows:

PROJECT	Expended To Date	Remaining Commitment
City facilities projects	\$ 1,510,940	\$ 5,758,981
Street projects	21,668,859	3,255,303
Parks projects	3,779,354	957,311
Transit projects	468,216	6,360,265
Water & sewer utility projects	36,548,609	22,960,927
Total	\$ 63,975,978	\$ 39,292,787

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

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance 01-01-11		Additions	Reductions	Ending Balance 12-31-11		Due Within One Year			
Governmental Activities										
Bonds payable:										
General obligation bonds	\$	26,400,000	\$	-	\$	(200,000)	\$	26,200,000	\$	2,150,000
Plus deferred amounts:										
For issuance premiums		162,522		-		(9,560)		152,962		9,560
Total bonds payable:		26,562,522		-		(209,560)		26,352,962		2,159,560
Governmental loans		1,650,222		-		(219,316)		1,430,906		219,316
Pollution remediation liability		235,000		1,450,000		(15,000)		1,670,000		220,000
Capital Leases		6,115		-		(1,466)		4,649		1,676
Claims and judgements		14,313,889		10,466,476		(12,510,868)		12,269,497		3,668,707
Compensated absences		8,483,177		5,981,211		(5,950,463)		8,513,926		3,564,147
Governmental activity long-term liabilities:	\$	51,250,925	\$	17,897,687	\$	(18,906,672)	\$	50,241,940	\$	9,833,406
Business-Type Activities										
Bonds payable:										
General obligation bonds	\$	9,400,000	\$	325,000	\$	(1,525,000)	\$	8,200,000	\$	1,200,000
Revenue bonds		111,785,000		51,000,000		(3,305,000)		159,480,000		3,305,000
Plus deferred amounts:										
For issuance premiums		5,003,222		2,571,697		(337,714)		7,237,205		379,765
Total bonds payable:		126,188,222		53,896,697		(5,167,714)		174,917,205		4,884,765
Governmental loans		41,039,247		873,058		(4,153,403)		37,758,902		4,101,787
Pollution remediation liability		300,000		-		-		300,000		-
Capital leases		36,272		-		(11,047)		25,225		11,348
Compensated absences		1,664,207		2,390,381		(2,270,854)		1,783,734		1,071,731
Business-type activity long-term liabilities:	\$	169,227,948	\$	57,160,136	\$	(11,603,018)	\$	214,785,066	\$	10,069,631

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to internal service funds are included as part of the above totals for governmental activities. At year-end \$129,841 of internal service funds compensated absences are included in the above amounts. Also, for governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

NOTE 13 – CONTINGENCIES AND LITIGATION

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

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

As of December 31, 2011, the City is also contingently liable for \$27,415,000 of 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District. Please see the Reporting Entity section of Note 1 for more details.

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

NOTE 14 - CONDUIT DEBT OBLIGATIONS

The City has authorized the issuance of bonds to enable various public authorities (see Note 1 - Reporting Entity) to acquire and/or construct facilities deemed to be in the public interest. Neither the local government, the public corporation, nor the state government pledges its credit to repayment of the bonds. The funds for repayment of the bonds come from private lenders and must be repaid by the company for which the facilities are financed and built. As of December 31, 2011, the Industrial Development Corporation had the following bond issues outstanding:

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

NOTE 15 - INTERFUND BALANCES AND TRANSFERS

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

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

Interfund loan balances at December 31, 2011 appear as follows:

	INTERFUND LOANS RECEIVABLE	INTERFUND LOANS PAYABLE	ADVANCES TO OTHER FUNDS	ADVANCES FROM OTHER FUNDS
General Fund	\$ 873,950	\$ 1,054,100	\$ 7,644,168	\$ -
Capital Improvement Reserve	1,054,100	-	-	-
Nonmajor Governmental Funds	-	873,950	-	-
Nonmajor Enterprise Funds	-	-	-	7,644,168
TOTAL	\$ 1,928,050	\$ 1,928,050	\$ 7,644,168	\$ 7,644,168

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

Due to other fund and due from other fund balances at December 31, 2011 appear as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 16,450	\$ -
Internal service funds	-	16,450
TOTAL	\$ 16,450	\$ 16,450

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

Interfund transfer activity for the year ending December 31, 2011 appears as follows:

	TRANSFERS IN			TOTAL
	General Fund	Capital Improvement Reserve Fund	Nonmajor Governmental Funds	
TRANSFERS OUT				
General Fund	\$ -	\$ 1,100,000	\$ 2,745,882	\$ 3,845,883
Capital Improvement Reserve Fd	847,159	-	433,473	1,280,632
Water & Sewer Utility	3,693,600	-	-	3,693,600
Transit	135,156	-	-	135,156
Nonmajor Governmental Funds	715,550	173,332	2,287,902	3,176,784
Internal Service Funds	80,000	-	-	80,000
TOTAL	\$ 5,471,465	\$ 1,273,332	\$ 5,467,255	\$ 12,212,054

A transfer is considered significant if it is for a transaction that does not occur on a routine basis or is inconsistent with the customary activities of the fund making the transfer. In 2011, the following significant transfers were completed to provide funding for under expenditure for the CIP4.

- \$1,100,000 from Fund 002 - General Fund, to Fund 162 – Capital Improvement Reserve, a major fund.

NOTE 16 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2011 appear as follows:

	Taxes	Customer Accounts	Interest	Due from Other Governments	Notes Receivable	TOTAL
Governmental Activities:						
General Fund	\$ 9,716,219	\$ 2,633,304	\$ 218,968	\$ 237,693	\$ 36,749	\$ 12,842,933
Capital Improvement Reserve Fund	121,898	10,597	44,886	-	-	\$ 177,381
Nonmajor Governmental Funds	121,898	255,634	96,836	935,040	13,282,625	\$ 14,692,033
Internal Service Funds	-	20,104	43,646	90,728	-	\$ 154,478
Total Governmental Activities	\$ 9,960,015	\$ 2,919,639	\$ 404,336	\$ 1,263,461	\$ 13,319,374	\$ 27,866,825
Business-Type Activities:						
Water & Sewer Utility	\$ -	\$ 5,721,431	\$ 319,102	\$ 1,435,892	\$ -	\$ 7,476,425
Transit	2,697,247	13,844	25,320	2,136,602	-	4,873,013
Nonmajor Enterprise Funds	-	270,698	10,502	1,213,043	-	1,494,243
Total Business-Type Activities	\$ 2,697,247	\$ 6,005,973	\$ 354,924	\$ 4,785,537	\$ -	\$ 13,843,681

Governmental Activities

General Fund - Customer Accounts include \$2,517,649 Muni Court receivable reported in the Government Wide Statement of Net Assets
 General Fund - Notes Receivable excludes \$1,103,251.84 discount on notes reported in the Government Wide Statement of Net Assets

Payables at December 31, 2011 appear as follows:

	Wages & Benefits	Accounts	Interest	Taxes	Due to Other Governments	Custodial Accounts	Other Current Liabilities	TOTAL
Governmental Activities:								
General Fund	\$ 2,613,891	\$ 1,346,009	\$ 76,406	\$ -	\$ 68,601	\$ 115,928	\$ 105,787	\$ 4,326,621
Nonmajor Governmental Funds	326,171	617,110	-	-	-	-	994	944,275
Internal Service Funds	96,162	254,360	-	184	-	-	112,314	463,020
Total	\$ 3,036,224	\$ 2,217,479	\$ 76,406	\$ 184	\$ 68,601	\$ 115,928	\$ 219,095	\$ 5,733,916
Business-Type Activities:								
Water & Sewer Utility	\$ 746,865	\$ 3,157,877	\$ 1,405,448	\$ 85,711	\$ -	\$ -	\$ -	\$ 5,395,901
Transit	455,317	44,275	-	933	331,877	-	-	832,402
Nonmajor Enterprise Funds	20,877	334,971	21,167	12,841	-	-	-	389,856
Total	\$ 1,223,059	\$ 3,537,123	\$ 1,426,615	\$ 99,485	\$ 331,877	\$ -	\$ -	\$ 6,618,160

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

Governmental Activities

Internal Service Fund \$ 78,666

Business-Type Activities

Water and Sewer \$ 696,544
 Transit 348,645
 Nonmajor Enterprise 26,542

NOTE 17 – JOINT VENTURES

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

The **Snohomish River Regional Water Authority (SRRWA)** was created for the planning, development, ownership, management and financing of water supply sources and transmission, and other water supply facilities, either by itself or in cooperation with other municipal providers of utilities. The primary purpose is to facilitate efficient water resource development and utilization through interlocal cooperation. The SRRWA board is comprised of one representative of each of three members, who is an elected public official designated in writing, authorized to represent the member in meetings of the membership and Board of Directors. The City has a 41.67 percent interest in the joint venture at December 31, 2011 and recorded an investment in the joint venture in the utility fund of \$1,217,480. As of December 31, 2011, the SRRWA had accumulated sufficient resources and was not experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from the City of Everett, Utilities Finance Manager, 3200 Cedar Street, Everett, WA 98201.

The **Snohomish County Emergency Radio System (SERS)**, a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501(c)(3), was established via an interlocal agreement in 1999. Member entities include Snohomish County, Fire District 1, and the Cities of Brier, Edmonds, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Everett. The purpose of SERS is to develop, operate and maintain a countywide public safety communications system. The governing board consists of ten directors, one appointed by each City and County member, with the authority to take all actions on behalf of SERS. A cost allocation model is used to determine each Member's share of financial obligations and voting weight from time to time. The cost allocation model is reviewed and recalculated annually to reflect population, geographic service area and calls for service from January 1 through December 31 of each year. As of December 31, 2011, the City has a 16.15 percent interest in the SERS joint venture and a recorded equity interest of \$1,921,629. Based on summary financial information provided to the City by Snohomish County, it does not appear that SERS is experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

One Regional Card for All (ORCA) was established by interlocal agreement for the operating phase of the Regional Fare Integration Project also known as the Smart Card Project. This ten-year agreement among City of Everett (Everett Transit), Snohomish County Transit Authority (Community Transit), Sound Transit, King County Metro, Pierce Transit, Kitsap Transit and Washington State Ferries commenced April 1, 2009. Pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, the participating agencies jointly exercise their powers to better coordinate their respective services and fare payment systems in order to improve the availability, reliability and convenience of public transportation services within their service areas and throughout the region served by the agencies. Everett Transit's undivided interest in the assets, liabilities and operations of the ORCA smart card are consolidated within these financial statements on a proportionate basis. Everett Transit's interest in the central cash accounts as of December 31, 2011, is \$111,125 which represents deferred fare revenue. Everett Transit's percentage share of the operating expense for 2011 was 2%.

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS

The City recorded the following pollution remediation obligations as other liabilities in its financial statements as of December 31, 2011, in accordance with GASB Statement No. 49:

SITE	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
4000 Block South Second Avenue	\$ 1,450,000	
3003 Colby Avenue	200,000	
2731 36th Street Southeast	20,000	
144 West Marine View Drive		\$ 300,000
TOTALS	\$ 1,670,000	\$ 300,000

The City identified a release of contaminants at the 4000 block of South Second Avenue, Everett, Washington, reported the release to the Washington State Department of Ecology (DOE), and is pursuing a Voluntary Cleanup Program (VCP) agreement with the DOE. As of December 31, 2011, the City estimated the liability with regard to pollution remediation at this site to be \$1,450,000.

The City identified a release of contaminants at 3003 Colby Avenue, Everett, Washington, reported the release to the DOE, and is pursuing a VCP agreement with the DOE. As of December 31, 2011, the City estimated the liability with regard to pollution remediation at this site to be \$200,000.

The City identified a release of contaminants at 2731 36th Street Southeast, Everett, Washington, reported the release to the DOE, and entered into a VCP agreement with the DOE to remediate the site in previous periods. The City remediated the site during 2010. As of December 31, 2011, the City determined that only monitoring and reporting of the remediation would be required under the VCP agreement, and estimated the remaining liability of these activities at this site to be \$20,000.

The site located at 144 West Marine View Drive, Everett, Washington had previously been identified as contaminated by releases from the neighboring former ASARCO plant. The City voluntarily remediated the site in 1998 in conjunction with a VCP agreement with the DOE. The City had expected to receive a notice of no further action from the DOE upon completion of the DOE's Final Cleanup Action Plan for ASARCO. The City's original VCP agreement expired, a new VCP agreement was reinstated in 2008, and the DOE requested the City to send the DOE an analysis of current soil samples at the site. The City engaged an independent engineering firm to analyze soil samples at the site and submit its findings to the DOE, this work was performed during 2009, and the City submitted several alternative remediation proposals to the DOE for consideration. As of December 31, 2011, the City estimated liability with regard to pollution remediation at this site to be \$300,000.

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

In addition to those sites identified above, the City has reason to believe that it will be identified as a Potential Liable Person in connection with the DOE near-shore sediment contamination of the East Waterway of Port Gardner Bay. As of December 31, 2011, the estimated costs for pollution remediation at this site were not yet determined, and any portion of such costs for which the City might be liable, if any, were not determined.

NOTE 19 - OTHER DISCLOSURES**RESTATEMENT OF PRIOR YEAR BALANCES**

An adjustment in the amount of \$1.4 million was recorded in the Utilities Fund 401 due to write off of operation and maintenance expenses related to Jackson Hydroelectric Project. This amount is reported as a prior period adjustment in the government-wide and proprietary fund statements.

The beginning fund balance for general fund increased by \$27.0 million as a result of implementation of GASB Statement No. 54. Listed below are eleven funds, which were previously reported as special revenue fund, which did not meet the new fund definition and are rolled up into the general fund:

	<u>Fund Balances December 31, 2010</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance - Ending, as previously reported	24,153,312	71,552,091
Reclassifications:		
Parks & Recreation Fund	4,471,042	(4,471,042)
Library Fund	2,188,491	(2,188,491)
Municipal Arts Fund	846,320	(846,320)
Conference Center Fund	127,574	(127,574)
General Govt Special Projects Fund	212,426	(212,426)
MVD and Equipment Replacement Fund	6,185,424	(6,185,424)
Downtown Improvement Fund	255,541	(255,541)
Cumulative Rsv and Real Prop Acq Fund	2,440,408	(2,440,408)
Property Management Fund	5,760,814	(5,760,814)
Senior Center Reserve Fund	393,107	(393,107)
Contingency Reserve Fund	4,118,945	(4,118,945)
Total Reclassifications	27,000,092	(27,000,092)
Fund Balance - Ending, as reclassified	51,153,404	44,551,999

SUBSEQUENT EVENTS

On April 12, 2012, a sewer main break spilled approximately one million gallons of raw sewage into North Creek and the surrounding area. Subsequent testing of the creek's water quality indicated that bacteria levels returned to normal within two weeks of the date the spill occurred. The city received a claim for damages in connection with this incident; however, city engineers expect that the total claims submitted will be less than the \$1,000,000 self-insured retention coverage that the city maintains for this purpose.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUALSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	70,492,080	\$ 69,685,080	\$ 68,235,431	\$ (1,449,649)
Licenses and permits	861,816	861,816	1,163,279	301,463
Intergovernmental revenues	3,102,968	4,357,276	3,646,264	(711,012)
Charges for services	6,965,661	6,965,661	6,954,000	(11,661)
Fines and forfeits	1,502,500	1,502,500	1,867,601	365,101
Other revenues	1,221,000	1,221,000	1,515,412	294,412
TOTAL REVENUES	84,146,025	84,593,333	83,381,987	(1,211,346)
EXPENDITURES				
Current:				
General government services	20,116,554	22,599,493	20,322,503	2,276,990
Security of persons and property	57,084,407	55,515,961	52,898,397	2,617,564
Physical environment	4,002,544	3,917,544	3,210,940	706,604
Transportation	1,763,771	1,763,771	1,791,354	(27,583)
Economic environment	5,128,217	5,142,852	4,745,346	397,506
Mental and physical health	30,987	30,987	25,117	5,870
Culture and recreation	733,691	733,691	631,189	102,502
Capital outlay	38,862	638,862	100,329	538,533
TOTAL EXPENDITURES	88,899,033	90,343,161	83,725,175	6,617,986
Excess (deficiency) of revenues over (under) expenditures	(4,753,008)	(5,749,828)	(343,188)	5,406,640
OTHER FINANCING SOURCES (USES)				
Transfers in	4,876,008	4,876,008	4,534,175	(341,833)
Transfers out	-	(2,266,073)	(2,266,074)	(1)
Total other financing sources (uses)	4,876,008	2,609,935	2,268,101	(341,834)
Net change in fund balances	123,000	(3,139,893)	1,924,913	5,064,806
Fund balances - beginning	21,677,000	24,939,893	24,153,312	(786,581)
FUND BALANCES - ENDING	\$ 21,800,000	\$ 21,800,000	\$ 26,078,225	\$ 4,278,225

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT RESERVE FUND
FOR YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 580,000	\$ 580,000	\$ 875,836	\$ 295,836
Charges for services	-	-	55,250	55,250
Other revenues	781,900	781,900	750,912	(30,988)
TOTAL REVENUES	1,361,900	1,361,900	1,681,998	320,098
EXPENDITURES				
Current:				
Transportation	20,000	20,000	-	20,000
Culture and recreation	500,000	500,000	500,000	-
TOTAL EXPENDITURES	520,000	520,000	500,000	20,000
Excess (deficiency) of revenues over (under) expenditures	841,900	841,900	1,181,998	340,098
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	1,273,332	1,203,332
Transfers out	(6,659,800)	(10,564,891)	(1,280,632)	9,284,259
Total other financing sources (uses)	(6,589,800)	(10,494,891)	(7,300)	10,487,591
Net change in fund balances	(5,747,900)	(9,652,991)	1,174,698	10,827,689
Fund balances - beginning	26,363,243	27,443,243	\$23,943,481	(3,499,762)
FUND BALANCES - ENDING	\$ 20,615,343	\$ 17,790,252	\$ 25,118,179	\$ 7,327,927

**Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual
Note to RSI**

Note A – Explanation of Difference between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures

Revenues

Actual Amount \$ 83,381,987

Differences - Budget to GAAP

The funds no longer meeting the definition of special revenue funds per GASB Statement No. 54

Parks & Recreation Fund	9,194,159
Library Fund	4,787,729
Municipal Arts Fund	800,595
Conference Center Fund	112,935
General Gov't Special Proj Fund	30,000
Motor Vehicle Equip Repl Fund	276,274
Downtown Improvement Fund	455,730
Cum Reserve Real Prop Acq Fund	497,572
Property Management Fund	1,073,422
Senior Center Reserve Fund	<u>105,462</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund

\$ 100,715,865

Expenditures

Actual Amount \$ 83,725,175

Differences - Budget to GAAP

The funds no longer meeting the definition of special revenue funds per GASB Statement No. 54

Parks & Recreation Fund	8,522,423
Library Fund	4,613,487
Municipal Arts Fund	814,589
Conference Center Fund	91,000
General Gov't Special Proj Fund	121,623
Motor Vehicle Equip Repl Fund	199,305
Downtown Improvement Fund	117,297
Cum Reserve Real Prop Acq Fund	358,087
Property Management Fund	1,621,580
Senior Center Reserve Fund	<u>72,201</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund

\$ 100,256,767

PENSION FUNDS**Schedules of Employer Contributions**

Year	FIRE PENSION FUND		POLICE PENSION FUND	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$(111,256)	*	\$ 53,549	0%
2010	114,195	131%	42,979	0%
2009	109,023	186%	40,932	157%
2008	(32,849)	*	(34,270)	*
2007	(31,285)	*	(32,638)	*
2006	418,743	212%	270,501	246%

* No percentage contributed is presented in years where the Annual Required Contribution (ARC) was negative. Actual contributions made for the Fire Pension Fund included \$154,877 in 2011, \$149,368 in 2008 and \$332,249 in 2007. Actual contributions made to the Police Pension Fund included \$0 in 2008 and \$182,175 in 2007.

Schedules of Funding Progress

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

FIRE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2010	\$ 10,231,997	\$ 7,944,960	\$ (2,287,037)	128.79%	\$ 891,440	-256.56%
12/31/2008	\$ 11,201,152	\$ 11,452,114	\$ 250,962	97.81%	\$ 1,019,299	24.62%

POLICE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2010	\$ 5,092,288	\$ 6,137,450	\$ 1,045,162	82.97%	\$ 767,633	136.15%
12/31/2008	\$ 6,132,694	\$ 7,011,494	\$ 878,800	87.47%	\$ 880,684	99.79%

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

Year	FIRE HEALTHCARE FUND		POLICE HEALTHCARE FUND	
	Annual Required	Percentage Contributed	Annual Required	Percentage Contributed
	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>
2011	\$ 1,270,612	4%	\$ 1,113,542	4%
2010	1,061,155	4%	1,081,173	4%
2009	1,013,101	37%	1,029,689	35%
2008	1,448,349	2%	1,308,869	2%
2007	1,379,380	248%	1,246,542	291%
2006	3,116,324	103%	3,276,201	116%

Schedules of Funding Progress

The actuarial cost method used in the valuation of the OPEB plans is also the Aggregate Cost Method. OPEB plans that use the aggregate cost method are required by GASB Statement No. 43 to use the entry age cost method to approximate the funding progress for the plan.

FIRE HEALTHCARE FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2010	\$ 22,145,330	\$ 48,264,733	\$ 26,119,403	45.88%	\$ 891,440	2930.02%
12/31/2008	23,448,563	48,249,620	24,801,057	48.60%	1,019,299	2433.15%
12/31/2006	18,253,911	46,803,448	28,549,537	39.00%	1,148,714	2485.35%

POLICE HEALTHCARE FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2010	\$ 13,216,779	\$ 34,950,886	\$ 21,734,107	37.82%	\$ 767,633	2831.31%
12/31/2008	14,257,612	36,364,832	22,107,220	39.21%	880,684	2510.23%
12/31/2006	9,036,550	35,149,702	26,113,152	25.71%	984,087	2653.54%



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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 7,776,478	\$ 27,435	\$ 837,216	\$ 8,641,129
Investments	19,887,168	74,665	1,434,790	21,396,623
Receivables, net				
Taxes	121,898	-	-	121,898
Customer accounts	255,634	-	-	255,634
Interest	93,519	2,123	1,194	96,836
Due from other governmental units	366,916	-	568,124	935,040
Special assessments - deferred	-	141,932	-	141,932
Notes/contracts receivable	13,282,625	-	-	13,282,625
TOTAL ASSETS	\$ 41,784,238	\$ 246,155	\$ 2,841,324	\$ 44,871,717
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Wages payable	\$ 317,633	\$ -	\$ 8,538	\$ 326,171
Accounts payable	120,706	5,000	491,404	617,110
Interfund loans payable	873,950	-	-	873,950
Other liabilities	994	-	-	994
Deferred revenues	256,125	141,932	-	398,057
TOTAL LIABILITIES	1,569,408	146,932	499,942	2,216,282
FUND BALANCES:				
Nonspendable	13,282,625	-	-	13,282,625
Restricted	21,822,078	-	586,964	22,409,042
Assigned	5,400,843	104,223	1,827,797	7,332,863
Unassigned	(290,716)	(5,000)	(73,379)	(369,095)
TOTAL FUND BALANCES	40,214,830	99,223	2,341,382	42,655,435
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,784,238	\$ 246,155	\$ 2,841,324	\$ 44,871,717

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

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 10,071,950	\$ -	\$ -	\$ 10,071,950
Licenses and permits	209,623	-	-	209,623
Intergovernmental revenues	4,500,307	-	2,708,210	7,208,517
Charges for services	1,887,792	-	2,275	1,890,067
Fines and forfeits	7,075	-	-	7,075
Other revenues	1,857,848	42,864	96,246	1,996,958
Total revenues	18,534,595	42,864	2,806,731	21,384,190
EXPENDITURES				
Current:				
General government services	471,416	88	-	471,504
Security of persons and property	9,037,634	-	-	9,037,634
Physical environment	103,474	-	-	103,474
Transportation	2,064,006	-	-	2,064,006
Economic environment	1,069,072	-	-	1,069,072
Culture and recreation	280,600	-	-	280,600
Capital outlay	2,295,287	-	8,939,777	11,235,064
Debt service:				
Principal	219,316	200,000	-	419,316
Interest	37,455	847,455	5,645	890,555
Total expenditures	15,578,260	1,047,543	8,945,422	25,571,225
Excess (deficiency) of revenues over (under) expenditures	2,956,335	(1,004,679)	(6,138,691)	(4,187,035)
OTHER FINANCING SOURCES (USES)				
Transfers in	556,455	1,089,367	3,821,433	5,467,255
Transfers out	(2,845,577)	(126,912)	(204,295)	(3,176,784)
Total other financing sources (uses)	(2,289,122)	962,455	3,617,138	2,290,471
Net change in fund balances	667,213	(42,224)	(2,521,553)	(1,896,564)
Fund balances - beginning	39,547,617	141,447	4,862,935	44,551,999
FUND BALANCES - ENDING	\$ 40,214,830	\$ 99,223	\$ 2,341,382	\$ 42,655,435

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011
(Page 1 of 4)**

	119 STREET IMPROVEMENT FUND	120 STREETS FUND	138 HOTEL/MOTEL TAX FUND	148 CUM. RESERVE PARKS FUND
ASSETS				
Cash and cash equivalents	\$ 397,497	\$ 794,953	\$ 94,420	\$ 847,360
Investments	946,770	1,893,443	224,893	1,955,175
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	2,075	-	-
Interest	5,180	9,912	-	7,511
Due from other governmental units	629	-	-	-
Notes/contracts receivable	-	-	-	-
TOTAL ASSETS	\$ 1,350,076	\$ 2,700,383	\$ 319,313	\$ 2,810,046
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Wages payable	\$ 6,323	\$ 52,385	\$ -	\$ -
Accounts payable	553	19,921	-	253
Interfund loans payable	-	-	-	-
Other liabilities	-	-	-	500
Deferred revenues	-	-	-	-
TOTAL LIABILITIES	6,876	72,306	0	753
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	319,313	1,974,874
Assigned	1,343,200	2,628,077	-	834,419
Unassigned	-	-	-	-
TOTAL FUND BALANCES	1,343,200	2,628,077	319,313	2,809,293
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,350,076	\$ 2,700,383	\$ 319,313	\$ 2,810,046

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
ASSETS			
Cash and cash equivalents	\$ 137,111	\$ 144,318	\$ 70,643
Investments	326,575	343,737	168,261
Receivables, net			
Taxes	-	-	-
Customer accounts	-	-	253,559
Interest	-	-	-
Due from other governmental units	-	-	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 463,686	\$ 488,055	\$ 492,463
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	-	-	\$ 237,442
Accounts payable	6,057	-	36,737
Interfund loans payable	-	-	509,000
Other liabilities	3	-	-
Deferred revenues	-	-	-
TOTAL LIABILITIES	6,060	0	783,179
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	366,730	-	-
Assigned	90,896	488,055	-
Unassigned	-	-	(290,716)
TOTAL FUND BALANCES	457,626	488,055	(290,716)
TOTAL LIABILITIES AND FUND BALANCES	\$ 463,686	\$ 488,055	\$ 492,463

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011
(Page 3 of 4)**

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
ASSETS			
Cash and cash equivalents	\$ 1,361,279	\$ 2,481,696	\$ 1,018,331
Investments	4,443,564	5,923,598	2,425,492
Receivables, net			
Taxes	121,898	-	-
Customer accounts	-	-	-
Interest	26,630	29,876	12,186
Due from other governmental units	-	25,250	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 5,953,371	\$ 8,460,420	\$ 3,456,009
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ -	\$ -	\$ 245
Accounts payable	-	16,520	39,655
Interfund loans payable	-	-	-
Other liabilities	-	491	-
Deferred revenues	-	256,125	-
TOTAL LIABILITIES	0	273,136	39,900
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	5,953,371	8,171,088	3,416,109
Assigned	-	16,196	-
Unassigned	-	-	-
TOTAL FUND BALANCES	5,953,371	8,187,284	3,416,109
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,953,371	\$ 8,460,420	\$ 3,456,009

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011
(Page 4 of 4)**

	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalents	\$ 224,628	\$ 204,242	\$ 7,776,478
Investments	1,229,592	6,068	19,887,168
Receivables, net			
Taxes	-	-	121,898
Customer accounts	-	-	255,634
Interest	2,224	-	93,519
Due from other governmental units	172,884	168,153	366,916
Notes/contracts receivable	12,720,895	561,730	13,282,625
TOTAL ASSETS	\$ 14,350,223	\$ 940,193	\$ 41,784,238
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ 13,488	\$ 7,750	\$ 317,633
Accounts payable	1,010	-	120,706
Interfund loans payable	-	364,950	873,950
Other liabilities	-	-	994
Deferred revenues	-	-	256,125
TOTAL LIABILITIES	14,498	372,700	1,569,408
FUND BALANCES:			
Nonspendable	12,720,895	561,730	13,282,625
Restricted	1,614,830	5,763	21,822,078
Assigned	-	-	5,400,843
Unassigned	-	-	(290,716)
TOTAL FUND BALANCES	14,335,725	567,493	40,214,830
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,350,223	\$ 940,193	\$ 41,784,238

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 1 of 4)**

	119 STREET IMPROVEMENT FUND	120 STREETS FUND	138 HOTEL/MOTEL TAX FUND	148 CUM. RESERVE PARKS FUND
REVENUES				
Taxes	\$ 950,000	\$ 500,182	\$ 284,541	\$ -
Licenses and permits	-	-	-	209,623
Intergovernmental revenues	694,642	1,476,102	-	-
Charges for services	-	24,008	-	-
Fines and forfeits	-	-	-	-
Other revenues	78,036	128,734	11,495	132,983
Total revenues	1,722,678	2,129,026	296,036	342,606
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	-	-
Transportation	99,514	1,964,492	-	-
Economic environment	-	-	-	6,885
Culture and recreation	-	-	186,730	65,507
Capital outlay	1,328,018	-	-	-
Debt service:				
Principal	-	-	52,311	-
Interest	-	-	-	-
Total expenditures	1,427,532	1,964,492	239,041	72,392
Excess (deficiency) of revenues over (under) expenditures	295,146	164,534	56,995	270,214
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	-	-	134,882
Transfers out	(436,515)	-	-	-
Total other financing sources (uses)	(136,515)	-	-	134,882
Net change in fund balances	158,631	164,534	56,995	405,096
Fund balances - beginning	1,184,569	2,463,543	262,318	2,404,197
FUND BALANCES - ENDING	\$ 1,343,200	\$ 2,628,077	\$ 319,313	\$ 2,809,293

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
REVENUES			
Taxes	\$ -	\$ -	\$ 6,133,123
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	1,738
Charges for services	-	3,525	1,319,939
Fines and forfeits	-	-	-
Other revenues	95,422	141,221	20,794
Total revenues	95,422	144,746	7,475,594
EXPENDITURES			
Current:			
General government services	-	-	-
Security of persons and property	-	-	6,890,822
Physical environment	103,474	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	28,363	-
Capital outlay	-	169,356	-
Debt service:			
Principal	-	-	-
Interest	-	-	26,351
Total expenditures	103,474	197,719	6,917,173
Excess (deficiency) of revenues over (under) expenditures	(8,052)	(52,973)	558,421
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(8,052)	(52,973)	558,421
Fund balances - beginning	465,678	541,028	(849,137)
FUND BALANCES - ENDING	\$ 457,626	\$ 488,055	\$ (290,716)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
 (Page 3 of 4)

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
REVENUES			
Taxes	\$ 875,836	\$ 1,328,268	\$ -
Licenses and permits	-	-	-
Intergovernmental revenues	-	982,086	-
Charges for services	-	418,746	121,574
Fines and forfeits	-	7,075	-
Other revenues	293,335	608,860	158,953
Total revenues	1,169,171	3,345,035	280,527
EXPENDITURES			
Current:			
General government services	-	471,416	-
Security of persons and property	-	2,146,812	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	40,277	757,636
Debt service:			
Principal	167,005	-	-
Interest	11,104	-	-
Total expenditures	178,109	2,658,505	757,636
Excess (deficiency) of revenues over (under) expenditures	991,062	686,530	(477,109)
OTHER FINANCING SOURCES (USES)			
Transfers in	30,947	-	45
Transfers out	(1,265,131)	(545,419)	(507,947)
Total other financing sources (uses)	(1,234,184)	(545,419)	(507,902)
Net change in fund balances	(243,122)	141,111	(985,011)
Fund balances - beginning	6,196,493	8,046,173	4,401,120
FUND BALANCES - ENDING	\$ 5,953,371	\$ 8,187,284	\$ 3,416,109

**COMBINING STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 4 of 4)**

	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES			
Taxes	\$ -	\$ -	\$ 10,071,950
Licenses and permits	-	-	209,623
Intergovernmental revenues	817,435	528,304	4,500,307
Charges for services	-	-	1,887,792
Fines and forfeits	-	-	7,075
Other revenues	187,556	459	1,857,848
Total revenues	1,004,991	528,763	18,534,595
EXPENDITURES			
Current:			
General government services	-	-	471,416
Security of persons and property	-	-	9,037,634
Physical environment	-	-	103,474
Transportation	-	-	2,064,006
Economic environment	623,883	438,304	1,069,072
Culture and recreation	-	-	280,600
Capital outlay	-	-	2,295,287
Debt service:			
Principal	-	-	219,316
Interest	-	-	37,455
Total expenditures	623,883	438,304	15,578,260
Excess (deficiency) of revenues over (under) expenditures	381,108	90,459	2,956,335
OTHER FINANCING SOURCES (USES)			
Transfers in	90,000	581	556,455
Transfers out	-	(90,565)	(2,845,577)
Total other financing sources (uses)	90,000	(89,984)	(2,289,122)
Net change in fund balances	471,108	475	667,213
Fund balances - beginning	13,864,617	567,018	39,547,617
FUND BALANCES - ENDING	\$ 14,335,725	\$ 567,493	\$ 40,214,830

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2011**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE
ASSETS				
Cash and cash equivalents	\$ -	\$ 19,469	\$ 7,966	\$ 27,435
Investments	-	55,991	18,674	74,665
Interest	-	2,123	-	2,123
Special assessments - deferred	-	-	141,932	141,932
TOTAL ASSETS	\$ -	\$ 77,583	\$ 168,572	\$ 246,155
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 5,000	\$ -	\$ -	\$ 5,000
Deferred revenues	-	-	141,932	141,932
TOTAL LIABILITIES	5,000	-	141,932	146,932
FUND BALANCES:				
Assigned	-	77,583	26,640	104,223
Unassigned	(5,000)	-	-	(5,000)
TOTAL FUND BALANCES	(5,000)	77,583	26,640	99,223
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 77,583	\$ 168,572	\$ 246,155

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES				
Other revenues	\$ -	\$ 27,794	\$ 15,070	\$ 42,864
Total revenues	-	27,794	15,070	42,864
EXPENDITURES				
Current:				
General government services	-	-	88	88
Debt service:				
Principal	200,000	-	-	200,000
Interest	847,455	-	-	847,455
Total expenditures	1,047,455	-	88	1,047,543
Excess (deficiency) of revenues over (under) expenditures	(1,047,455)	27,794	14,982	(1,004,679)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,042,455	46,912	-	1,089,367
Transfers out	-	(80,000)	(46,912)	(126,912)
Total other financing sources (uses)	1,042,455	(33,088)	(46,912)	962,455
Net change in fund balances	(5,000)	(5,294)	(31,930)	(42,224)
Fund balances - beginning	-	82,877	58,570	141,447
FUND BALANCES - ENDING	\$ (5,000)	\$ 77,583	\$ 26,640	\$ 99,223

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2011
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCT. FUND
ASSETS			
Cash and cash equivalents	\$ 206,815	\$ 224,884	\$ 228,845
Investments	492,597	-	531,707
Receivables, net			
Interest	-	1,194	-
Due from other governmental units	501,731	200	66,193
TOTAL ASSETS	\$ 1,201,143	\$ 226,278	\$ 826,745
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ 7,025	\$ 1,513	\$ -
Accounts payable	190,182	298,144	2,884
TOTAL LIABILITIES	197,207	299,657	2,884
FUND BALANCES:			
Restricted	-	-	-
Assigned	1,003,936	-	823,861
Unassigned	-	(73,379)	-
TOTAL FUND BALANCES	1,003,936	(73,379)	823,861
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,201,143	\$ 226,278	\$ 826,745

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2011
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	360 BLOCK GRANT IMPROV. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS			
Cash and cash equivalents	\$ 176,672	\$ -	\$ 837,216
Investments	410,486	-	1,434,790
Receivables, net			
Interest	-	-	1,194
Due from other governmental units	-	-	568,124
TOTAL ASSETS	\$ 587,158	\$ -	\$ 2,841,324
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ -	\$ -	\$ 8,538
Accounts payable	194	-	491,404
TOTAL LIABILITIES	194	-	499,942
FUND BALANCES:			
Restricted	586,964	-	586,964
Assigned	-	-	1,827,797
Unassigned	-	-	(73,379)
TOTAL FUND BALANCES	586,964	-	2,341,382
TOTAL LIABILITIES AND FUND BALANCES	\$ 587,158	\$ -	\$ 2,841,324

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCTION FUND
REVENUES			
Intergovernmental revenues	\$ 2,605,437	\$ 4,814	\$ 89,397
Charges for services	2,275	-	-
Other revenues	25,546	22,878	(2,178)
Total revenues	2,633,258	27,692	87,219
EXPENDITURES			
Current:			
Capital outlay	4,713,421	2,353,728	1,694,470
Debt service:			
Interest	5,645	-	-
Total expenditures	4,719,066	2,353,728	1,694,470
Excess (deficiency) of revenues over (under) expenditures	(2,085,808)	(2,326,036)	(1,607,251)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,329,090	763,326	354,017
Transfers out	-	-	(173,332)
Total other financing sources (uses)	2,329,090	763,326	180,685
Net change in fund balances	243,282	(1,562,710)	(1,426,566)
Fund balances - beginning	760,654	1,489,331	2,250,427
FUND BALANCES - ENDING	\$ 1,003,936	\$ (73,379)	\$ 823,861

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	360 BLOCK GRANT IMPROV. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES			
Intergovernmental revenues	\$ -	\$ 8,562	\$ 2,708,210
Charges for services	-	-	2,275
Other revenues	50,000	-	96,246
Total revenues	50,000	8,562	2,806,731
EXPENDITURES			
Current:			
Capital outlay	177,540	618	8,939,777
Debt service:			
Interest	-	-	5,645
Total expenditures	177,540	618	8,945,422
Excess (deficiency) of revenues over (under) expenditures	(127,540)	7,944	(6,138,691)
OTHER FINANCING SOURCES (USES)			
Transfers in	375,000	-	3,821,433
Transfers out	(30,947)	(16)	(204,295)
Total other financing sources (uses)	344,053	(16)	3,617,138
Net change in fund balances	216,513	7,928	(2,521,553)
Fund balances - beginning	370,451	(7,928)	4,862,935
FUND BALANCES - ENDING	\$ 586,964	\$ -	\$ 2,341,382

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 101 – PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 7,319,230	\$ 7,299,230	\$ 7,299,230	\$ -
Intergovernmental revenues	-	90,714	90,714	-
Charges for services	1,326,800	1,326,800	1,307,269	(19,531)
Other revenues	373,500	373,500	496,946	123,446
Total Revenues	9,019,530	9,090,244	9,194,159	103,915
EXPENDITURES				
Current:				
Culture and recreation	8,498,351	8,609,469	8,412,709	196,760
Capital outlay	521,179	530,532	109,714	420,818
Total Expenditures	9,019,530	9,140,001	8,522,423	617,578
Excess (deficiency) of revenues over (under) expenditures	-	(49,757)	671,736	721,493
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(134,882)	(134,882)	-
Total other financing sources (uses)	-	(134,882)	(134,882)	-
Net changes in fund balances	-	(184,639)	536,854	721,493
Fund balances - beginning	-	184,639	4,471,042	4,286,403
FUND BALANCES - ENDING	\$ -	\$ -	\$ 5,007,896	\$ 5,007,896

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 110 – LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 4,647,276	\$ 4,574,276	\$ 4,574,276	\$ -
Intergovernmental revenues	-	13,540	15,543	2,003
Charges for services	20,000	20,000	23,333	3,333
Fines and forfeits	81,000	81,000	79,697	(1,303)
Other revenues	57,000	57,000	94,880	37,880
Total Revenues	4,805,276	4,745,816	4,787,729	41,913
EXPENDITURES				
Current:				
Culture and recreation	4,092,124	4,037,637	3,865,030	172,607
Capital outlay	713,152	713,152	748,457	(35,305)
Total Expenditures	4,805,276	4,750,789	4,613,487	137,302
Excess (deficiency) of revenues over (under) expenditures	-	(4,973)	174,242	179,215
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	(4,973)	174,242	179,215
Fund balances - beginning	-	4,973	2,188,491	2,183,518
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,362,733	\$ 2,362,733

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 112 – COMMUNITY THEATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 671,769	\$ 671,769	\$ 671,769	\$ -
Intergovernmental revenues	-	-	-	-
Other revenues	130,500	130,500	128,826	(1,674)
Total Revenues	802,269	802,269	800,595	(1,674)
EXPENDITURES				
Current:				
Culture and recreation	905,269	1,345,497	814,589	530,908
Capital outlay	20,000	170,000	-	170,000
Total Expenditures	925,269	1,515,497	814,589	700,908
Excess (deficiency) of revenues over (under) expenditures	(123,000)	(713,228)	(13,994)	699,234
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(123,000)	(713,228)	(13,994)	699,234
Fund balances - beginning	123,000	713,228	846,320	133,092
FUND BALANCES - ENDING	\$ -	\$ -	\$ 832,326	\$ 832,326

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 114 – CONFERENCE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 125,811	\$ 125,811	\$ 112,935	\$ (12,876)
Total Revenues	125,811	125,811	112,935	(12,876)
EXPENDITURES				
Current:				
Culture and recreation	67,002	117,002	91,000	26,002
Total Expenditures	67,002	117,002	91,000	26,002
Excess (deficiency) of revenues over (under) expenditures	58,809	8,809	21,935	13,126
OTHER FINANCING SOURCES (USES)				
Transfers in	863,191	863,191	847,159	(16,032)
Transfers out	(922,000)	(922,000)	(922,000)	-
Total other financing sources (uses)	(58,809)	(58,809)	(74,841)	(16,032)
Net changes in fund balances	-	(50,000)	(52,906)	(2,906)
Fund balances - beginning	-	50,000	127,574	77,574
FUND BALANCES - ENDING	\$ -	\$ -	\$ 74,668	\$ 74,668

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 115 – GENERAL GOVERNMENT SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Other revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	30,000	30,000	30,000	-
EXPENDITURES				
Current:				
Physical environment	30,000	146,519	33,106	113,413
Capital outlay	-	20,000	88,517	(68,517)
Total Expenditures	30,000	166,519	121,623	44,896
Excess (deficiency) of revenues over (under) expenditures	-	(136,519)	(91,623)	44,896
OTHER FINANCING SOURCES (USES)				
Transfers in	-	200,000	90,131	(109,869)
Total other financing sources (uses)	-	200,000	90,131	(109,869)
Net changes in fund balances	-	63,481	(1,492)	(64,973)
Fund balances - beginning	-	116,519	212,426	95,907
FUND BALANCES - ENDING	\$ -	\$ 180,000	\$ 210,934	\$ 30,934

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 119 – STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 950,000	\$ 950,000	\$ 950,000	\$ -
Intergovernmental revenues	711,085	711,085	694,642	\$ (16,443)
Other revenues	63,000	63,000	78,036	15,036
Total Revenues	1,724,085	1,724,085	1,722,678	(1,407)
EXPENDITURES				
Current:				
Transportation	-	-	99,514	(99,514)
Capital outlay	2,024,085	2,834,335	1,328,018	1,506,317
Total Expenditures	2,024,085	2,834,335	1,427,532	1,406,803
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(1,110,250)	295,146	1,405,396
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	(436,515)	(436,515)
Total other financing sources (uses)	300,000	300,000	(136,515)	(436,515)
Net changes in fund balances	-	(810,250)	158,631	968,881
Fund balances - beginning	-	810,250	1,184,569	374,319
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,343,200	\$ 1,343,200

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 120 – STREETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 600,182	\$ 500,182	\$ 500,182	\$ -
Intergovernmental revenues	1,520,819	1,520,819	1,476,102	(44,717)
Charges for services	-	-	24,008	24,008
Other revenues	77,000	77,000	128,734	51,734
Total Revenues	2,198,001	2,098,001	2,129,026	31,025
EXPENDITURES				
Current:				
Transportation	2,198,001	2,098,001	1,964,492	133,509
Total Expenditures	2,198,001	2,098,001	1,964,492	133,509
Excess (deficiency) of revenues over (under) expenditures	-	-	164,534	164,534
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	164,534	164,534
Fund balances - beginning	-	-	2,463,543	2,463,543
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,628,077	\$ 2,628,077

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 126 – MOTOR VEHICLE EQUIPMENT REPLACEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 136,150	\$ 136,150	\$ 276,274	\$ 140,124
Total Revenues	136,150	136,150	276,274	140,124
EXPENDITURES				
Current:				
General government services	250,000	250,000	-	250,000
Security of persons and property	-	-	50	(50)
Capital outlay	999,000	1,548,000	199,255	1,348,745
Total Expenditures	1,249,000	1,798,000	199,305	1,598,695
Excess (deficiency) of revenues over (under) expenditures	(1,112,850)	(1,661,850)	76,969	1,738,819
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	35,000	35,000	24,164	(10,836)
Transfers in	1,188,443	1,188,443	589,673	(598,770)
Transfers out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	1,073,443	1,073,443	613,837	(459,606)
Net changes in fund balances	(39,407)	(588,407)	690,806	1,279,213
Fund balances - beginning	4,583,872	5,132,872	6,185,424	1,052,552
FUND BALANCES - ENDING	\$ 4,544,465	\$ 4,544,465	\$ 6,876,230	\$ 2,331,765

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 138 – MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 290,000	\$ 290,000	\$ 284,541	\$ (5,459)
Other revenues	10,500	10,500	11,495	995
Total Revenues	300,500	300,500	296,036	(4,464)
EXPENDITURES				
Current:				
Culture and recreation	235,000	235,000	186,730	48,270
Debt service:				
Principal retirement	52,311	52,311	52,311	-
Total Expenditures	287,311	287,311	239,041	48,270
Excess (deficiency) of revenues over (under) expenditures	13,189	13,189	56,995	43,806
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	13,189	13,189	56,995	43,806
Fund balances - beginning	248,774	248,774	262,318	13,544
FUND BALANCES - ENDING	\$ 261,963	\$ 261,963	\$ 319,313	\$ 57,350

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 144 – DOWNTOWN IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Fines and forfeits	\$ 513,447	\$ 513,447	\$ 452,439	\$ (61,008)
Other revenues	7,800	7,800	3,291	(4,509)
Total Revenues	521,247	521,247	455,730	(65,517)
EXPENDITURES				
Current:				
Capital outlay	1,350,014	1,350,014	109,133	1,240,881
Debt service:			-	
Other debt service costs	-	-	8,164	(8,164)
Total Expenditures	1,350,014	1,350,014	117,297	1,232,717
Excess (deficiency) of revenues over (under) expenditures	(828,767)	(828,767)	338,433	1,167,200
OTHER FINANCING SOURCES (USES)				
Proceeds of general long-term debt	-	600,000	-	(600,000)
Transfers out	-	(600,000)	(1,648,000)	(1,048,000)
Total other financing sources (uses)	-	-	(1,648,000)	(1,648,000)
Net changes in fund balances	(828,767)	(828,767)	(1,309,567)	(480,800)
Fund balances - beginning	828,767	828,767	255,541	(573,226)
FUND BALANCES - ENDING	\$ -	\$ -	\$ (1,054,026)	\$ (1,054,026)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 145 – CUMULATIVE RESERVE REAL PROPERTY ACQUISITION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 347,935	\$ 347,935
Charges for services	-	-	3,700	3,700
Other revenues	138,303	138,303	145,937	7,634
Total Revenues	138,303	138,303	497,572	359,269
EXPENDITURES				
Current:				
General government services	29,500	29,500	16,983	12,517
Capital outlay	2,518,227	2,518,227	341,104	2,177,123
Total Expenditures	2,547,727	2,547,727	358,087	2,189,640
Excess (deficiency) of revenues over (under) expenditures	(2,409,424)	(2,409,424)	139,485	2,548,909
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	137,554	137,554
Total other financing sources (uses)	-	-	137,554	137,554
Net changes in fund balances	(2,409,424)	(2,409,424)	277,039	2,686,463
Fund balances - beginning	2,409,424	2,409,424	2,440,408	30,984
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,717,447	\$ 2,717,447

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 146 – PROPERTY MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ -	\$ 383,337	\$ 274,759	\$ (108,578)
Other revenues	793,882	793,882	798,663	4,781
Total Revenues	793,882	1,177,219	1,073,422	(103,797)
EXPENDITURES				
Current:				
General government services	460,400	460,400	1,413,193	(952,793)
Capital outlay	2,005,672	2,679,279	208,387	2,470,892
Total Expenditures	2,466,072	3,139,679	1,621,580	1,518,099
Excess (deficiency) of revenues over (under) expenditures	(1,672,190)	(1,962,460)	(548,158)	1,414,302
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	576,400	576,400
Transfers out	(304,590)	(304,590)	(41,000)	263,590
Total other financing sources (uses)	(304,590)	(304,590)	535,400	839,990
Net changes in fund balances	(1,976,780)	(2,267,050)	(12,758)	2,254,292
Fund balances - beginning	5,414,651	5,704,921	5,760,814	55,893
FUND BALANCES - ENDING	\$ 3,437,871	\$ 3,437,871	\$ 5,748,056	\$ 2,310,185

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 148 – CUMULATIVE RESERVE PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 209,623	\$ (90,377)
Charges for services	-	-	-	-
Other revenues	66,185	66,185	132,983	66,798
Total Revenues	366,185	366,185	342,606	(23,579)
EXPENDITURES				
Current:				
Economic environment	-	-	6,885	(6,885)
Culture and recreation	299,870	299,870	65,507	234,363
Capital outlay	600,000	600,000	-	600,000
Total Expenditures	899,870	899,870	72,392	827,478
Excess (deficiency) of revenues over (under) expenditures	(533,685)	(533,685)	270,214	803,899
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	134,882	134,882
Total other financing sources (uses)	-	-	134,882	134,882
Net changes in fund balances	(533,685)	(533,685)	405,096	938,781
Fund balances - beginning	2,335,055	2,335,055	2,404,197	69,142
FUND BALANCES - ENDING	\$ 1,801,370	\$ 1,801,370	\$ 2,809,293	\$ 1,007,923

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 149 – SENIOR CENTER RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 92,150	\$ 92,150	\$ 67,047	\$ (25,103)
Other revenues	27,080	27,080	38,415	11,335
Total Revenues	119,230	119,230	105,462	(13,768)
EXPENDITURES				
Current:				
Economic environment	101,399	101,399	72,201	29,198
Total Expenditures	101,399	101,399	72,201	29,198
Excess (deficiency) of revenues over (under) expenditures	17,831	17,831	33,261	15,430
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	17,831	17,831	33,261	15,430
Fund balances - beginning	302,792	302,792	393,107	90,315
FUND BALANCES - ENDING	\$ 320,623	\$ 320,623	\$ 426,368	\$ 105,745

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 151 – ANIMALS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	57,000	87,000	95,422	8,422
Total Revenues	57,000	87,000	95,422	8,422
EXPENDITURES				
Current:				
Physical environment	75,000	105,000	103,474	1,526
Capital outlay	-	-	-	-
Total Expenditures	75,000	105,000	103,474	1,526
Excess (deficiency) of revenues over (under) expenditures	(18,000)	(18,000)	(8,052)	9,948
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(18,000)	(18,000)	(8,052)	9,948
Fund balances - beginning	467,527	467,527	465,678	(1,849)
FUND BALANCES - ENDING	\$ 449,527	\$ 449,527	\$ 457,626	\$ 8,099

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 152 – CUMULATIVE RESERVE LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 3,200	\$ 3,200	\$ 3,525	\$ 325
Other revenues	36,810	71,810	141,221	69,411
Total Revenues	40,010	75,010	144,746	69,736
EXPENDITURES				
Current:				
Culture and recreation	76,500	79,500	28,363	51,137
Capital outlay	4,000	136,000	169,356	(33,356)
Total Expenditures	80,500	215,500	197,719	17,781
Excess (deficiency) of revenues over (under) expenditures	(40,490)	(140,490)	(52,973)	87,517
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(40,490)	(140,490)	(52,973)	87,517
Fund balances - beginning	539,133	539,133	541,028	1,895
FUND BALANCES - ENDING	\$ 498,643	\$ 398,643	\$ 488,055	\$ 89,412

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 153 – EMERGENCY MEDICAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 6,133,123	\$ 6,133,123	\$ 6,133,123	\$ -
Intergovernmental revenues	1,200	1,200	1,738	538
Charges for services	1,625,006	1,625,006	1,319,939	(305,067)
Other revenues	6,490	6,490	20,794	14,304
Total Revenues	7,765,819	7,765,819	7,475,594	(290,225)
EXPENDITURES				
Current:				
Security of persons and property	7,299,864	7,299,864	6,890,822	409,042
Capital outlay	150,000	150,000	-	150,000
Debt service:				
Redemption of Debt Principal	266,666	266,666	-	266,666
Other debt service costs	49,289	49,289	26,351	22,938
Total Expenditures	7,765,819	7,765,819	6,917,173	848,646
Excess (deficiency) of revenues over (under) expenditures	-	-	558,421	558,421
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	558,421	558,421
Fund balances - beginning	-	-	(849,137)	(849,137)
FUND BALANCES - ENDING	\$ -	\$ -	\$ (290,716)	\$ (290,716)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 154 – REAL ESTATE EXCISE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 580,000	\$ 580,000	\$ 875,836	\$ 295,836
Other revenues	185,000	185,000	293,335	108,335
Total Revenues	765,000	765,000	1,169,171	404,171
EXPENDITURES				
Debt service:				
Principal retirement	178,109	178,109	167,005	11,104
Interest	-	-	11,104	(11,104)
Total Expenditures	178,109	178,109	178,109	-
Excess (deficiency) of revenues over (under) expenditures	586,891	586,891	991,062	404,171
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,947	30,947
Transfers out	(2,606,145)	(7,384,834)	(1,265,131)	6,119,703
Total other financing sources (uses)	(2,606,145)	(7,384,834)	(1,234,184)	6,150,650
Net changes in fund balances	(2,019,254)	(6,797,943)	(243,122)	6,554,821
Fund balances - beginning	2,027,230	6,805,919	6,196,493	(609,426)
FUND BALANCES - ENDING	\$ 7,976	\$ 7,976	\$ 5,953,371	\$ 5,945,395

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 156 – CRIMINAL JUSTICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,302,000	\$ 1,302,000	\$ 1,328,268	\$ 26,268
Intergovernmental revenues	602,348	676,530	982,086	305,556
Charges for services	555,000	555,000	418,746	(136,254)
Fines and forfeits	2,750	2,750	7,075	4,325
Other revenues	650,404	650,404	608,860	(41,544)
Total Revenues	3,112,502	3,186,684	3,345,035	158,351
EXPENDITURES				
Current:				
General government services	506,527	506,527	471,416	35,111
Security of persons and property	3,421,974	3,602,331	2,146,812	1,455,519
Capital outlay	50,500	50,500	40,277	10,223
Total Expenditures	3,979,001	4,159,358	2,658,505	1,500,853
Excess (deficiency) of revenues over (under) expenditures	(866,499)	(972,674)	686,530	1,659,204
OTHER FINANCING SOURCES (USES)				
Transfers out	(896,718)	(896,718)	(545,419)	351,299
Total other financing sources (uses)	(896,718)	(896,718)	(545,419)	351,299
Net changes in fund balances	(1,763,217)	(1,869,392)	141,111	2,010,503
Fund balances - beginning	8,201,139	8,307,314	8,046,173	(261,141)
FUND BALANCES - ENDING	\$ 6,437,922	\$ 6,437,922	\$ 8,187,284	\$ 1,749,362

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 157 – TRAFFIC MITIGATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 200,000	\$ 200,000	\$ 121,574	\$ (78,426)
Other revenues	110,000	110,000	158,953	48,953
Total Revenues	310,000	310,000	280,527	(29,473)
EXPENDITURES				
Capital outlay	4,962,177	4,962,177	757,636	4,204,541
Total Expenditures	4,962,177	4,962,177	757,636	4,204,541
Excess (deficiency) of revenues over (under) expenditures	(4,652,177)	(4,652,177)	(477,109)	4,175,068
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	45	45
Transfers out	-	-	(507,947)	(507,947)
Total other financing sources (uses)	-	-	(507,902)	(507,902)
Net changes in fund balances	(4,652,177)	(4,652,177)	(985,011)	3,667,166
Fund balances - beginning	4,652,177	4,652,177	4,401,120	(251,057)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 3,416,109	\$ 3,416,109

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 160 – CONTINGENCY RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning	4,100,148	4,100,148	4,118,945	18,797
FUND BALANCES - ENDING	\$ 4,100,148	\$ 4,100,148	\$ 4,118,945	\$ 18,797

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 197 – CHIP LOAN PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 1,940,116	\$ 1,940,116	\$ 817,435	\$ (1,122,681)
Other revenues	133,500	133,500	187,556	54,056
Total Revenues	2,073,616	2,073,616	1,004,991	(1,068,625)
EXPENDITURES				
Current:				
Economic environment	1,246,898	1,246,898	623,883	623,015
Total Expenditures	1,246,898	1,246,898	623,883	623,015
Excess (deficiency) of revenues over (under) expenditures	826,718	826,718	381,108	(445,610)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	90,000	90,000
Total other financing sources (uses)	-	-	90,000	90,000
Net changes in fund balances	826,718	826,718	471,108	(355,610)
Fund balances - beginning	14,200,000	14,200,000	13,864,617	(335,383)
FUND BALANCES - ENDING	\$ 15,026,718	\$ 15,026,718	\$ 14,335,725	\$ (690,993)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 198 – COMMUNITY DEVELOPMENT BLOCK GRANTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 800,000	\$ 800,000	\$ 528,304	\$ (271,696)
Other revenues	-	-	459	459
Total Revenues	800,000	800,000	528,763	(271,237)
EXPENDITURES				
Current:				
Economic environment	1,228,855	1,228,855	438,304	790,551
Total Expenditures	1,228,855	1,228,855	438,304	790,551
Excess (deficiency) of revenues over (under) expenditures	(428,855)	(428,855)	90,459	519,314
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	581	581
Transfers out	-	-	(90,565)	(90,565)
Total other financing sources (uses)	-	-	(89,984)	(89,984)
Net changes in fund balances	(428,855)	(428,855)	475	429,330
Fund balances - beginning	428,855	428,855	567,018	138,163
FUND BALANCES - ENDING	\$ -	\$ -	\$ 567,493	\$ 567,493

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 210 – BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	1,000,000	1,000,000	200,000	800,000
Interest	942,000	942,000	847,455	94,545
Total Expenditures	1,942,000	1,942,000	1,047,455	894,545
Excess (deficiency) of revenues over (under) expenditures	(1,942,000)	(1,942,000)	(1,047,455)	894,545
OTHER FINANCING SOURCES (USES)				
Transfers in	1,942,000	1,942,000	1,042,455	(899,545)
Total other financing sources (uses)	1,942,000	1,942,000	1,042,455	(899,545)
Net change in fund balances	-	-	(5,000)	(5,000)
Fund Balances - beginning	1,000	1,000	-	(1,000)
FUND BALANCES - ENDING	\$ 1,000	\$ 1,000	\$ (5,000)	\$ (6,000)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 243 – L.I.D. GUARANTY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other Revenues	\$ 1,000	\$ 1,000	\$ 27,794	\$ 26,794
Total Revenues	1,000	1,000	27,794	26,794
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	27,794	26,794
OTHER FINANCING SOURCES (USES)				
Transfers in	46,000	46,000	46,912	912
Transfers out	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	(34,000)	(34,000)	(33,088)	912
Net change in fund balances	(33,000)	(33,000)	(5,294)	27,706
Fund Balances - beginning	50,000	50,000	82,877	32,877
FUND BALANCES - ENDING	\$ 17,000	\$ 17,000	\$ 77,583	\$ 60,583

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 299 – CONSOLIDATED L.I.D. BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 20,000	\$ 20,000	\$ 15,070	\$ (4,930)
TOTAL REVENUES	20,000	20,000	15,070	(4,930)
EXPENDITURES				
Current:				
General Government Services	-	-	88	(88)
TOTAL EXPENDITURES	-	-	88	(88)
Excess (deficiency) of revenues over (under) expenditures	20,000	20,000	14,982	(5,018)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	-	(1,000)
Transfers out	(47,000)	(47,000)	(46,912)	88
Total other financing sources (uses)	(46,000)	(46,000)	(46,912)	(912)
Net change in fund balances	(26,000)	(26,000)	(31,930)	(5,930)
Fund Balances - beginning	26,000	26,000	58,570	32,570
Prior Period Adjustment	-	-	-	-
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ 26,640	\$ 26,640

**COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,062	\$ 708,650	\$ 131,446	\$ 843,158
Investments	147,400	1,687,882	313,083	2,148,365
Bond covenant accounts:				
Restricted cash and cash equivalents	121,167	-	-	121,167
Receivables, net				
Customer accounts	264,698	-	6,000	270,698
Interest	664	9,838	-	10,502
Due from other governments	1,213,043	-	-	1,213,043
Prepayments	-	-	92,204	92,204
Inventory	-	-	104,677	104,677
Total Current Assets	1,750,034	2,406,370	647,410	4,803,814
NONCURRENT ASSETS				
Unamortized debt issue costs	56,749	-	-	56,749
Land	-	756,141	203,481	959,622
Construction in progress	3,645,379	-	-	3,645,379
Capital assets, net of depreciation (Note 6)	4,797,034	308,962	4,854,966	9,960,962
Total Noncurrent Assets	8,499,162	1,065,103	5,058,447	14,622,712
TOTAL ASSETS	\$ 10,249,196	\$ 3,471,473	\$ 5,705,857	\$ 19,426,526
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
Wages and benefits payable	\$ 1,635	\$ -	\$ 19,242	\$ 20,877
Accounts payable	242,527	-	92,444	334,971
Interest payable	21,167	-	-	21,167
Taxes payable	-	-	12,841	12,841
Due to other funds	1,330	-	-	1,330
Interfund loans payable	2,173,200	-	-	2,173,200
Deferred revenues	-	-	178,113	178,113
Current portion of long-term debt	1,200,000	-	-	1,200,000
Unamortized premiums	2,012	-	-	2,012
Other current liabilities	-	-	26,542	26,542
Total Current Liabilities	3,641,871	-	329,182	3,971,053
NONCURRENT LIABILITIES				
General obligation bonds payable	7,000,000	-	-	7,000,000
Unamortized premiums	14,925	-	-	14,925
Advances from other funds	-	-	7,644,168	7,644,168
Other long-term liabilities	-	-	316,619	316,619
Total Noncurrent Liabilities	7,014,925	-	7,960,787	14,975,712
TOTAL LIABILITIES	10,656,796	-	8,289,969	18,946,765
FUND EQUITY				
Invested in capital assets, net of related debt	225,476	1,065,103	5,058,447	6,349,026
Restricted for debt service	121,167	-	-	121,167
Unrestricted	(754,243)	2,406,370	(7,642,559)	(5,990,432)
TOTAL FUND EQUITY	(407,600)	3,471,473	(2,584,112)	479,761
TOTAL LIABILITIES AND FUND EQUITY	\$ 10,249,196	\$ 3,471,473	\$ 5,705,857	\$ 19,426,526

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:				
Admission taxes	\$ -	\$ -	\$ 92,086	\$ 92,086
Charges for services	2,306,808	292,892	3,587,100	6,186,800
Total Operating Revenues	2,306,808	292,892	3,679,186	6,278,886
OPERATING EXPENSES:				
Personnel services	63,788	-	987,573	1,051,361
Supplies	2,504	1,369	679,672	683,545
Professional services	329,156	179,958	1,254,939	1,764,053
Depreciation and amortization	274,808	42,926	530,889	848,623
Taxes	-	-	381	381
Other operating expenses	108,122	27,637	376,118	511,877
Total Operating Expenses	778,378	251,890	3,829,572	4,859,840
Operating Income (Loss)	1,528,430	41,002	(150,386)	1,419,046
NON-OPERATING REVENUES (EXPENSES):				
Intergovernmental revenues	585,385	-	-	585,385
Interest and investment revenue	20,570	101,706	18,473	140,749
Gain (loss) on sale/retirement of assets	-	-	27,079	27,079
Interest expense	(288,882)	-	(182,804)	(471,686)
Total Non-Operating Revenues (Expenses)	317,073	101,706	(137,252)	281,527
Income (Loss) Before Contributions and Transfers	1,845,503	142,708	(287,638)	1,700,573
Capital contributions	996,972	-	-	996,972
INCREASE (DECREASE) IN NET EQUITY	2,842,475	142,708	(287,638)	2,697,545
NET EQUITY - BEGINNING	(3,250,075)	3,328,765	(2,296,474)	(2,217,784)
NET EQUITY - ENDING	\$ (407,600)	\$ 3,471,473	\$ (2,584,112)	\$ 479,761

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,282,316	\$ 292,892	\$ 3,685,419	\$ 6,260,627
Payments to suppliers	(236,106)	(214,964)	(2,213,238)	(2,664,308)
Payments to employees	(63,579)	-	(992,572)	(1,056,151)
Payments for interfund services used	(10,440)	(10,860)	(172,601)	(193,901)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,972,191	67,068	307,008	2,346,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from non-capital grants	585,385	-	-	585,385
Principal paid on interfund loans	-	-	(140,000)	(140,000)
Interest paid on interfund loans	(17,717)	-	(182,804)	(200,521)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	567,668	-	(322,804)	244,864
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(1,200,000)	-	(39,554)	(1,239,554)
Interest paid on capital debt	(266,998)	-	-	(266,998)
Proceeds from interfund loans	1,875,700	-	-	1,875,700
Proceeds from sale of capital assets	-	-	115,433	115,433
Capital contributions	(200,107)	-	-	(200,107)
Acquisition and construction of capital assets	(2,627,593)	-	(24,253)	(2,651,846)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(2,418,998)	-	51,626	(2,367,372)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	-	170,933	12,045	182,978
Purchase of investments	(142,710)	-	-	(142,710)
Investment income	18,111	58,665	11,609	88,385
NET CASH PROVIDED BY INVESTING ACTIVITIES	(124,599)	229,598	23,654	128,653
Net Increase (Decrease) in Cash and Cash Equivalents	(3,738)	296,666	59,484	352,412
Cash and Cash Equivalents, January 1	127,967	411,984	71,962	611,913
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 124,229	\$ 708,650	\$ 131,446	\$ 964,325
Current Cash and Cash Equivalents	3,062	708,650	131,446	843,158
Restricted Cash and Cash Equivalents	121,167	-	-	121,167
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 124,229	\$ 708,650	\$ 131,446	\$ 964,325
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,528,430	\$ 41,002	\$ (150,386)	\$ 1,419,046
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	274,808	42,926	530,889	848,623
Change in Assets and Liabilities:				
(Increase) decrease in inventories	-	-	(6,399)	(6,399)
(Increase) decrease in receivables	(24,492)	-	-	(24,492)
(Increase) decrease in prepaid expenses	-	-	(92,204)	(92,204)
Increase (decrease) in accounts and other payables	193,445	(16,860)	18,875	195,460
Increase (decrease) in other current liabilities	-	-	6,233	6,233
TOTAL ADJUSTMENTS	443,761	26,066	457,394	927,221
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,972,191	\$ 67,068	\$ 307,008	\$ 2,346,267
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Non-Cash Financing, Capital and Investing Activities:				
Capital assets funded by capital lease				
Increase (decrease) in fair value of investments	1,795	36,718	6,864	\$ 45,377
TOTAL NON-CASH ACTIVITIES	\$ 1,795	\$ 36,718	\$ 6,864	\$ 45,377



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**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 136,329	\$ 2,727,672	\$ 301,820
Investments	324,713	6,496,845	718,883
Receivables, net			
Customer accounts	-	-	-
Interest	-	32,998	-
Due from other governments	90,728	-	-
Prepayments	-	410,802	-
Inventory	502,862	-	8,095
Total Current Assets	1,054,632	9,668,317	1,028,798
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	163,604	-	420,149
Total Noncurrent Assets	163,604	-	420,149
TOTAL ASSETS	\$ 1,218,236	\$ 9,668,317	\$ 1,448,947
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Wages and benefits payable	\$ 154,837	\$ -	\$ -
Accounts payable	58,463	81,331	43,960
Claims and judgments payable	-	3,668,707	-
Taxes payable	-	-	184
Due to other funds	-	16,450	-
Other current liabilities	-	-	-
Total Current Liabilities	213,300	3,766,488	44,144
NONCURRENT LIABILITIES			
Claims and judgments payable	-	6,730,737	-
Other long-term liabilities	45,105	-	-
Total Noncurrent Liabilities	45,105	6,730,737	-
TOTAL LIABILITIES	258,405	10,497,225	44,144
FUND EQUITY			
Invested in capital assets, net of related debt	163,604	-	420,149
Unrestricted	796,227	(828,908)	984,654
TOTAL FUND EQUITY	959,831	(828,908)	1,404,803
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,218,236	\$ 9,668,317	\$ 1,448,947

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 222,641	\$ 597,870	\$ 3,986,332
Investments	530,294	1,424,025	9,494,760
Receivables, net			
Customer accounts	-	20,104	20,104
Interest	2,580	8,068	43,646
Due from other governments	-	-	90,728
Prepayments	-	-	410,802
Inventory	-	-	510,957
Total Current Assets	755,515	2,050,067	14,557,329
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	375,335	-	959,088
Total Noncurrent Assets	375,335	-	959,088
TOTAL ASSETS	\$ 1,130,850	\$ 2,050,067	\$ 15,516,417
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Wages and benefits payable	\$ 19,991	\$ -	\$ 174,828
Accounts payable	65,031	5,575	254,360
Claims and judgments payable	-	1,870,053	5,538,760
Taxes payable	-	-	184
Due to other funds	-	-	16,450
Other current liabilities	-	112,314	112,314
Total Current Liabilities	85,022	1,987,942	6,096,896
NONCURRENT LIABILITIES			
Claims and judgments payable	-	-	6,730,737
Other long-term liabilities	6,071	-	51,176
Total Noncurrent Liabilities	6,071	-	6,781,913
TOTAL LIABILITIES	91,093	1,987,942	12,878,809
FUND EQUITY			
Invested in capital assets, net of related debt	375,335	-	959,088
Unrestricted	664,422	62,125	1,678,520
TOTAL FUND EQUITY	1,039,757	62,125	2,637,608
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,130,850	\$ 2,050,067	\$ 15,516,417

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 1 OF 2)

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
OPERATING REVENUES:			
Charges for services	\$ 7,298,283	\$ 7,196,280	\$ 1,216,505
Other operating revenues	-	-	3,635
Total Operating Revenues	7,298,283	7,196,280	1,220,140
OPERATING EXPENSES:			
Personnel services	2,186,008	521,802	-
Supplies	4,482,751	-	431,120
Professional services	263,797	2,362,621	20,635
Depreciation and amortization	26,815	-	148,139
Other operating expenses	547,408	2,693,311	447,874
Total Operating Expenses	7,506,779	5,577,734	1,047,768
Operating Income (Loss)	(208,496)	1,618,546	172,372
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	18,804	348,548	44,573
Other non-operating revenues	-	-	-
Gain (loss) on sale/retirement of assets	2,477	-	(5,276)
Total Non-Operating Revenues (Expenses)	21,281	348,548	39,297
Income (Loss) Before Contributions and Transfers	(187,215)	1,967,094	211,669
Transfers out	-	-	(80,000)
INCREASE (DECREASE) IN NET EQUITY	(187,215)	1,967,094	131,669
NET EQUITY - BEGINNING	1,147,046	(2,796,002)	1,273,134
NET EQUITY - ENDING	\$ 959,831	\$ (828,908)	\$ 1,404,803

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:			
Charges for services	\$ 980,184	\$ 8,161,685	\$ 24,852,937
Other operating revenues	-	-	3,635
Total Operating Revenues	980,184	8,161,685	24,856,572
OPERATING EXPENSES:			
Personnel services	260,295	-	2,968,105
Supplies	96,772	-	5,010,643
Professional services	44,664	8,875,822	11,567,539
Depreciation and amortization	109,219	-	284,173
Other operating expenses	691,304	38,139	4,418,036
Total Operating Expenses	1,202,254	8,913,961	24,248,496
Operating Income (Loss)	(222,070)	(752,276)	608,076
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	33,474	97,474	542,873
Other non-operating revenues	-	52,476	52,476
Gain (loss) on sale/retirement of assets	(224,675)	-	(227,474)
Total Non-Operating Revenues (Expenses)	(191,201)	149,950	367,875
Income (Loss) Before Contributions and Transfers	(413,271)	(602,326)	975,951
Transfers out	-	-	(80,000)
INCREASE (DECREASE) IN NET EQUITY	(413,271)	(602,326)	895,951
NET EQUITY - BEGINNING	1,453,028	664,451	1,741,657
NET EQUITY - ENDING	\$ 1,039,757	\$ 62,125	\$ 2,637,608

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 461,208	\$ 145,525	\$ -
Receipts from interfund services provided	6,768,269	7,067,205	1,216,505
Payments to suppliers	(5,197,299)	(2,480,967)	(918,034)
Payments to employees	(2,167,011)	(521,802)	-
Payments for interfund services used	(270,657)	-	-
Claims paid	-	(4,581,888)	-
Other receipts (payments)	-	-	3,635
NET CASH PROVIDED BY OPERATING ACTIVITIES	(405,490)	(371,927)	302,106
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	-	-	(80,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	(80,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	5,113	-	-
Acquisition and construction of capital assets	(6,852)	-	(205,264)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(1,739)	-	(205,264)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	375,494	1,201,875	79,124
Investment income	11,377	188,650	28,954
NET CASH PROVIDED BY INVESTING ACTIVITIES	386,871	1,390,525	108,078
Net Increase (Decrease) in Cash and Cash Equivalents	(20,358)	1,018,598	124,920
Cash and Cash Equivalents, January 1	156,687	1,709,074	176,900
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 136,329	\$ 2,727,672	\$ 301,820
Current Cash and Cash Equivalents	136,329	2,727,672	301,820
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 136,329	\$ 2,727,672	\$ 301,820
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (208,496)	\$ 1,618,546	\$ 172,372
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	26,815	-	148,139
Other non-operating receipts	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in inventories	(51,140)	-	908
(Increase) decrease in receivables	(68,806)	-	-
(Increase) decrease in prepaid expenses	-	53,071	-
Increase (decrease) in accounts and other payables	(121,432)	(2,059,994)	(19,313)
Increase (decrease) in compensated absences	17,569	-	-
Increase (decrease) in other current liabilities	-	16,450	-
TOTAL ADJUSTMENTS	(196,994)	(1,990,473)	129,734
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (405,490)	\$ (371,927)	\$ 302,106
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	\$ 7,427	\$ 139,850	\$ 15,619
TOTAL NON-CASH ACTIVITIES	\$ 7,427	\$ 139,850	\$ 15,619

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ -	\$ 239,109	\$ 845,842
Receipts from interfund services provided	980,184	7,936,579	23,968,742
Payments to suppliers	(755,809)	(9,083,827)	(18,435,936)
Payments to employees	(283,372)	-	(2,972,185)
Payments for interfund services used	(53,146)	-	(323,803)
Claims paid	-	-	(4,581,888)
Other receipts (payments)	-	52,476	56,111
NET CASH PROVIDED BY OPERATING ACTIVITIES	(112,143)	(855,663)	(1,443,117)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	-	-	(80,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	(80,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	5,113
Acquisition and construction of capital assets	(77,450)	-	(289,566)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(77,450)	-	(284,453)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	224,337	879,046	2,759,876
Investment income	19,781	60,331	309,093
NET CASH PROVIDED BY INVESTING ACTIVITIES	244,118	939,377	3,068,969
Net Increase (Decrease) in Cash and Cash Equivalents	54,525	83,714	1,261,399
Cash and Cash Equivalents, January 1	168,116	514,156	2,724,933
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 222,641	\$ 597,870	\$ 3,986,332
Current Cash and Cash Equivalents	222,641	597,870	3,986,332
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 222,641	\$ 597,870	\$ 3,986,332
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (222,070)	\$ (752,276)	\$ 608,076
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	109,219	-	284,173
Other non-operating receipts	-	52,476	52,476
Change in Assets and Liabilities:			
(Increase) decrease in inventories	-	-	(50,232)
(Increase) decrease in receivables	-	14,003	(54,803)
(Increase) decrease in prepaid expenses	-	-	53,071
Increase (decrease) in accounts and other payables	24,643	(169,866)	(2,345,962)
Increase (decrease) in compensated absences	(23,935)	-	(6,366)
Increase (decrease) in other current liabilities	-	-	16,450
TOTAL ADJUSTMENTS	109,927	(103,387)	(2,051,193)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (112,143)	\$ (855,663)	\$ (1,443,117)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	\$ 11,113	\$ 29,075	\$ 203,084
TOTAL NON-CASH ACTIVITIES	\$ 11,113	\$ 29,075	\$ 203,084

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
TRUST FUNDS
DECEMBER 31, 2011**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 48,075	\$ 55,337	\$ 141,131	\$ 269,755	\$ 514,298
Agency Bonds	4,730,683	13,129,831	10,084,095	22,223,703	50,168,312
Accounts receivable - net	827	-	-	-	827
Interest receivable	-	-	-	7,802	7,802
TOTAL ASSETS	\$ 4,779,585	\$ 13,185,168	\$ 10,225,226	\$ 22,501,260	\$ 50,691,239
LIABILITIES					
Accounts payable	\$ 217	\$ 11,749	\$ -	\$ 30,340	\$ 42,306
TOTAL LIABILITIES	\$ 217	\$ 11,749	\$ -	\$ 30,340	\$ 42,306
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 4,779,368	\$ 13,173,419	\$ 10,225,226	\$ 22,470,920	\$ 50,648,933

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

	665 OTHER AGENCY FUND	TOTAL AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ 164,492	\$ 164,492
Accounts receivable - net	27,594	27,594
Due from Other Governmental Units	31,181	31,181
TOTAL ASSETS	\$ 223,267	\$ 223,267
LIABILITIES		
Accounts payable	\$ 35,973	\$ 35,973
Other current liabilities	187,294	187,294
TOTAL LIABILITIES	\$ 223,267	\$ 223,267

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 52,579	\$ -	\$ 52,579	\$ 105,158
State	-	-	154,877	-	154,877
Total contributions	-	52,579	154,877	52,579	260,035
Investment income					
Interest	139,545	503,746	231,903	938,658	1,813,852
Net appreciation (depreciation) in fair value	81,080	388,146	229,704	964,438	1,663,368
Net investment income	220,625	891,892	461,607	1,903,096	3,477,220
TOTAL ADDITIONS	220,625	944,471	616,484	1,955,675	3,737,255
DEDUCTIONS:					
Benefits	533,545	970,117	619,526	1,612,370	3,735,558
Administrative expense	-	17,714	3,729	17,714	39,157
TOTAL DEDUCTIONS	533,545	987,831	623,255	1,630,084	3,774,715
CHANGE IN NET ASSETS					
Pension benefits	(312,920)		(6,771)		(319,691)
Postemployment healthcare benefits		(43,360)		325,591	282,231
NET ASSETS RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	592,288		4,231,997		4,824,285
Prior Period Corrections	4,500,000	(4,500,000)	6,000,000	(6,000,000)	-
NET ASSETS RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		17,716,779		28,145,329	45,862,108
Prior Period Corrections	-		-		-
NET ASSETS - ENDING	\$ 4,779,368	\$ 13,173,419	\$ 10,225,226	\$ 22,470,920	\$ 50,648,933

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BALANCE JANUARY 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2011
FUND 665 - AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 267,148	\$ 947,392	\$ 1,050,048	\$ 164,492
Accounts receivable - net	22,504	123,691	118,601	27,594
Due from Other Governmental Units	320,745	31,180	320,744	31,181
TOTAL ASSETS	\$ 610,397	\$ 1,102,263	\$ 1,489,393	\$ 223,267
LIABILITIES				
Accounts payable	\$ 425,163	\$ 979,874	\$ 1,369,064	\$ 35,973
Other current liabilities	185,234	198,691	196,631	187,294
TOTAL LIABILITIES	\$ 610,397	\$ 1,178,565	\$ 1,565,695	\$ 223,267

STATISTICAL SECTION OVERVIEW

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

CONTENTS

STAT No.

Financial Trends

Stats 1 - 5

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

Revenue Capacity

Stats 6 - 7

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

Debt Capacity

Stats 8 - 12

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

Demographic and Economic Information

Stats 13 - 15

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

Operating Information

Stats 16 - 17

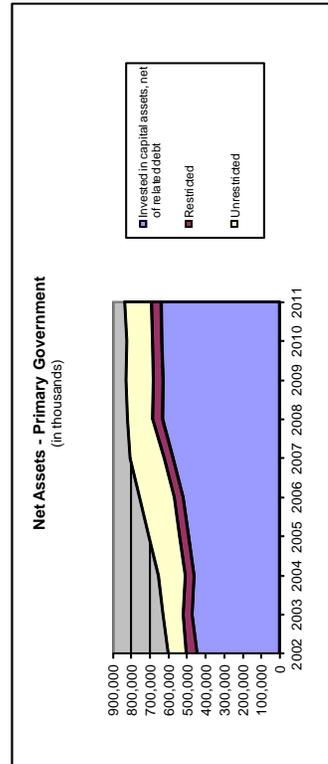
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the city provides and the activities it performs.

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

STAT 01

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in capital assets, net of related debt	\$ 169,533,794	\$ 184,159,844	\$ 191,654,146	\$ 228,673,168	\$ 245,383,110	\$ 258,985,622	\$ 275,153,868	\$ 276,175,060	\$ 277,363,758	\$ 280,262,109
Restricted	54,931,332	43,013,035	42,771,622	44,056,332	42,928,160	42,707,673	41,472,115	38,886,183	37,310,156	35,691,667
Unrestricted	67,649,023	78,856,838	84,852,118	78,838,473	88,036,357	98,933,848	92,207,372	95,940,505	93,484,426	93,461,072
Total governmental activities net assets	\$ 292,114,149	\$ 306,029,717	\$ 319,277,886	\$ 351,567,973	\$ 376,347,627	\$ 400,627,143	\$ 408,833,355	\$ 411,001,748	\$ 408,158,340	\$ 409,414,848
Business-type activities										
Invested in capital assets, net of related debt	\$ 279,022,259	\$ 291,463,746	\$ 273,143,609	\$ 265,441,844	\$ 278,234,596	\$ 318,744,209	\$ 359,012,990	\$ 355,349,336	\$ 361,029,457	\$ 361,068,019
Restricted	3,481,597	4,624,762	4,192,232	4,504,533	4,244,055	3,563,986	10,664,591	11,482,570	11,167,299	15,184,274
Unrestricted	27,553,850	28,469,270	58,427,537	84,348,066	96,116,653	82,681,069	41,146,246	49,442,120	42,626,741	48,627,569
Total business-type activities net assets	\$ 310,057,706	\$ 324,557,778	\$ 335,763,378	\$ 354,294,443	\$ 378,595,304	\$ 404,989,264	\$ 410,823,827	\$ 416,274,026	\$ 414,823,497	\$ 424,869,862
Primary Government										
Invested in capital assets, net of related debt	\$ 448,556,053	\$ 475,623,590	\$ 464,797,755	\$ 494,115,012	\$ 523,617,706	\$ 577,729,831	\$ 634,166,858	\$ 631,524,396	\$ 638,393,215	\$ 641,320,128
Restricted	58,412,929	47,637,797	46,963,854	48,560,865	47,172,215	46,271,659	52,136,706	50,368,753	48,477,455	50,875,941
Unrestricted	95,202,873	107,326,108	143,279,655	163,186,539	184,153,010	181,614,917	133,353,618	145,382,625	136,111,167	142,088,641
Total primary government net assets	\$ 602,171,855	\$ 630,587,495	\$ 655,041,264	\$ 705,862,416	\$ 754,942,931	\$ 805,616,407	\$ 819,657,182	\$ 827,275,774	\$ 822,981,837	\$ 834,284,710



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES										
Governmental activities:										
General government services	\$ 15,049,042	\$ 14,766,467	\$ 14,569,892	\$ 15,203,288	\$ 16,192,403	\$ 17,950,379	\$ 20,587,715	\$ 19,829,413	\$ 16,202,175	\$ 19,727,643
Police	24,134,308	29,186,655	28,935,678	30,882,491	31,636,006	31,839,441	33,871,982	36,488,879	37,112,805	35,928,460
Fire	17,851,734	22,643,888	23,688,138	25,402,766	26,251,618	26,606,763	28,426,321	29,593,441	28,925,002	28,302,587
Engineering & construction services	3,938,690	3,700,137	3,876,492	4,198,930	4,519,461	5,075,607	3,652,585	3,966,652	4,466,466	3,511,333
Transportation	9,728,846	15,492,296	5,584,756	8,782,289	7,230,995	6,529,391	8,972,012	8,557,592	10,890,501	8,565,208
Community services	5,521,925	5,001,110	5,017,547	5,136,497	5,102,700	5,324,631	7,585,711	7,583,871	8,189,488	7,296,739
Library	3,677,597	3,821,389	4,006,888	4,149,550	4,270,231	4,608,397	4,775,110	5,006,773	4,870,070	5,121,095
Culture and recreation	10,230,981	10,530,245	10,709,877	11,290,142	11,474,382	12,338,714	12,552,745	13,280,089	13,244,263	12,595,237
Interest on long-term debt	1,505,858	1,941,964	1,753,789	1,696,360	1,543,492	1,463,898	1,059,120	842,830	818,660	864,371
Total governmental activities expenses	91,638,981	107,084,151	98,143,057	106,742,313	108,221,288	111,737,221	121,483,301	125,149,540	124,719,430	121,912,673
Business-type activities:										
Water	18,741,315	17,168,687	16,257,037	19,701,810	25,856,113	23,108,675	21,758,842	23,333,429	25,325,047	26,475,627
Sewer	17,195,385	16,033,636	17,368,416	16,883,458	20,720,914	20,182,241	23,713,506	24,534,675	27,904,797	26,640,525
Solid Waste	548,305	711,179	704,600	844,386	648,671	715,465	1,052,565	3,264,327	3,688,722	1,067,260
Parking	204,632	318,954	388,561	290,899	346,166	275,780	305,455	272,951	295,887	251,889
Transit	13,016,996	13,522,179	13,406,981	15,047,417	15,460,929	17,365,257	20,200,488	24,092,720	25,781,338	22,713,494
Golf	3,122,505	3,065,847	3,764,124	3,881,307	4,053,061	4,049,797	4,287,155	4,577,928	4,139,684	4,012,376
Total business-type activities expenses	52,829,138	50,820,482	51,889,719	56,649,277	67,085,854	65,697,215	71,318,011	80,076,030	87,135,475	81,161,171
Total primary government expenses	\$ 144,468,119	\$ 157,904,633	\$ 150,032,776	\$ 163,391,590	\$ 175,307,142	\$ 177,434,436	\$ 192,801,312	\$ 205,225,570	\$ 211,854,905	\$ 203,073,844

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government services	\$ 2,370,618	\$ 2,853,479	\$ 3,242,598	\$ 2,401,938	\$ 2,936,104	\$ 2,065,441	\$ 1,819,766	\$ 2,784,057	\$ 1,260,967	\$ 1,214,492
Police	2,100,690	2,097,735	2,084,229	2,204,376	2,139,460	2,987,408	3,145,022	3,430,409	3,440,505	3,398,146
Fire	520	5,379	57,253	810,115	1,772,953	1,763,028	1,556,855	1,795,325	1,992,766	1,556,633
Engineering & construction services	818,849	977,295	1,036,249	1,311,866	1,221,872	1,278,370	569,772	522,080	512,461	505,982
Transportation	699,268	634,399	704,585	2,414,007	1,686,520	982,364	780,000	1,206,445	795,234	201,283
Community services	1,534,353	2,219,973	1,592,688	3,002,883	2,695,132	2,943,652	3,574,416	2,858,248	2,056,498	2,284,630
Library	94,150	89,791	93,948	95,927	101,624	109,525	108,290	122,702	107,017	113,221
Culture and recreation	1,176,855	1,218,238	1,372,921	1,353,269	748,774	1,502,326	1,641,256	1,738,065	1,768,419	1,856,388
Operating grants and contributions	2,471,724	2,517,034	2,445,425	3,627,851	2,757,760	2,752,220	2,566,494	4,647,504	3,973,610	3,014,442
Capital grants and contributions	11,506,214	7,799,196	6,041,216	26,753,404	11,491,623	5,604,654	11,673,775	6,865,521	3,693,227	3,296,672
Total governmental activities program revenues	22,773,241	20,412,519	18,671,112	43,975,636	27,551,822	21,988,988	27,435,646	25,970,356	19,600,704	17,441,889
Business-type activities:										
Charges for services:										
Water	22,007,355	23,064,309	23,333,846	23,768,937	26,683,309	27,690,993	27,082,959	30,463,819	28,742,817	30,113,113
Sewer	19,120,963	19,975,747	21,760,586	24,569,332	27,529,319	28,246,136	28,007,586	28,522,334	29,307,878	31,568,714
Solid Waste	636,487	639,304	714,962	796,277	816,676	1,099,646	1,443,506	1,802,186	2,196,527	2,301,760
Parking	314,208	344,918	331,155	290,572	310,719	349,912	378,727	374,764	317,457	292,891
Transit	2,145,196	2,331,060	2,723,614	2,529,018	2,153,335	2,352,649	2,453,835	2,126,900	2,266,491	2,465,498
Golf	2,726,529	2,423,846	3,024,675	3,175,287	3,311,833	3,389,321	3,565,686	3,746,275	3,763,272	3,614,179
Operating grants and contributions	652,874	3,957,162	1,441,596	495,191	3,690,068	616,999	21,182	3,779,924	1,436,645	1,486,898
Capital grants and contributions	3,936,833	6,754,885	4,286,282	4,752,643	7,228,016	6,166,713	2,947,684	5,025,507	2,470,223	5,573,861
Total business-type activities program revenues	51,540,445	59,491,231	57,616,716	60,377,257	71,723,275	69,912,369	65,901,165	75,841,709	70,501,310	77,416,914
Total primary government program revenues	\$ 74,313,686	\$ 79,903,750	\$ 76,287,828	\$ 104,352,893	\$ 99,275,097	\$ 91,901,357	\$ 93,336,811	\$ 101,812,065	\$ 90,102,014	\$ 94,858,803
Net (expense)/revenue	\$ (68,865,740)	\$ (86,671,632)	\$ (79,471,945)	\$ (62,766,677)	\$ (80,669,466)	\$ (89,748,233)	\$ (94,047,655)	\$ (99,179,184)	\$ (105,118,726)	\$ (104,470,784)
Governmental activities	(1,288,693)	8,670,749	5,726,997	3,727,980	4,637,421	4,215,154	(9,416,846)	(4,234,321)	(16,634,166)	(3,744,257)
Business-type activities	\$ (70,154,433)	\$ (78,000,883)	\$ (73,744,948)	\$ (59,038,697)	\$ (76,032,045)	\$ (85,533,079)	\$ (99,464,501)	\$ (103,413,505)	\$ (121,752,891)	\$ (108,215,041)
Total primary government net expense										

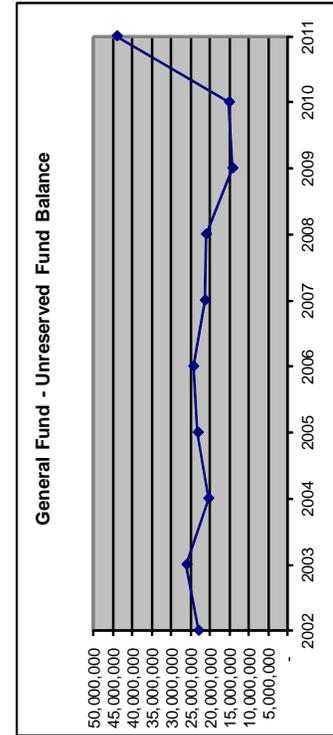
**CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Taxes										
Property	\$ 28,853,951	\$ 31,432,942	\$ 31,844,597	\$ 32,455,576	\$ 32,845,373	\$ 34,449,729	\$ 35,226,476	\$ 35,659,364	\$ 35,473,230	\$ 38,322,027
Sales	20,978,018	20,701,917	21,196,166	23,853,300	28,821,916	29,942,458	28,098,324	23,175,042	24,818,451	23,696,637
Business	23,597,204	21,391,498	22,556,024	23,962,279	25,135,371	28,372,875	27,039,132	26,331,273	26,083,027	27,105,472
Other	9,685,034	8,949,007	10,223,623	11,087,943	11,599,557	12,054,689	9,874,918	7,646,792	2,909,484	3,566,778
Miscellaneous	26,308	-	-	-	-	-	-	-	4,861,570	4,542,695
Interest and investment earnings	4,260,244	2,938,030	2,278,421	3,259,336	5,241,290	6,983,803	5,943,180	2,399,689	4,112,868	4,664,927
Special items	-	-	-	-	-	-	(7,439,172)	-	-	-
Transfers	(2,169)	1,808,927	2,356,783	2,926,700	2,649,118	2,902,836	3,511,009	6,135,417	4,016,688	3,828,756
Total governmental activities	87,398,590	87,222,321	90,455,614	97,545,134	106,292,625	114,706,390	102,253,867	101,347,577	102,275,318	105,727,292
Business-type activities:										
Taxes										
Sales	6,800,947	6,568,836	6,680,296	15,008,421	17,841,822	18,769,273	17,351,814	14,489,333	15,650,951	14,923,050
Business	92,798	91,448	85,870	85,293	86,340	91,199	90,421	95,784	98,269	92,086
Other	-	-	-	-	-	-	66,477	173,633	242,899	250,089
Interest and investment earnings	1,603,725	948,784	1,069,220	1,490,944	4,384,396	6,221,170	4,398,474	1,277,687	3,208,205	3,786,445
Special items	-	-	-	-	-	-	(7,111,395)	-	-	-
Transfers	2,169	(1,808,927)	(2,356,783)	(2,926,700)	(2,649,118)	(2,902,836)	(3,511,009)	(6,135,417)	(4,016,688)	(3,828,756)
Total business-type activities	8,499,639	5,800,141	5,478,603	13,657,958	19,663,440	22,178,806	11,284,782	9,901,020	15,183,636	15,222,914
Total primary government general revenues & other changes in net assets	\$ 95,898,229	\$ 93,022,462	\$ 95,934,217	\$ 111,203,092	\$ 125,956,065	\$ 136,885,196	\$ 113,538,649	\$ 111,248,597	\$ 117,458,954	\$ 120,950,206
CHANGE IN NET ASSETS										
Governmental activities	\$ 18,532,850	\$ 550,689	\$ 10,983,669	\$ 34,778,457	\$ 25,623,159	\$ 24,958,157	\$ 8,206,212	\$ 2,168,393	\$ (2,843,408)	\$ 1,256,508
Business-type activities	7,210,946	14,470,890	11,205,600	17,385,938	24,300,861	26,393,960	5,867,936	5,666,699	(1,450,529)	11,478,657
Total primary government	\$ 25,743,796	\$ 15,021,579	\$ 22,189,269	\$ 52,164,395	\$ 49,924,020	\$ 51,352,117	\$ 14,074,148	\$ 7,835,092	\$ (4,293,937)	\$ 12,735,165

STAT 03

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,797,553
Committed	-	-	-	-	-	-	-	-	-	467,553
Reserved Total	-	-	-	-	2,466,833	6,124,168	8,780,168	9,049,168	8,924,168	9,265,106
Unassigned	-	-	-	-	-	-	-	-	-	44,134,696
Unreserved Total	23,109,387	26,185,751	20,555,663	23,276,536	24,421,840	21,446,823	21,146,458	14,339,097	15,229,144	44,134,696
Total general fund	\$ 23,109,387	\$ 26,185,751	\$ 20,555,663	\$ 23,276,536	\$ 26,888,673	\$ 27,570,991	\$ 29,926,626	\$ 23,388,265	\$ 24,153,312	\$ 53,399,802
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,282,625
Restricted	-	-	-	-	-	-	-	-	-	22,409,042
Reserved Total	10,270,586	14,280,449	17,058,384	10,150,839	10,237,964	9,740,084	9,760,111	12,205,207	13,105,983	35,691,667
Unreserved, reported in Capital Improvement:										
Assigned	-	-	-	-	-	-	-	-	-	25,118,179
Capital Improvement Reserve funds										
Assigned	-	-	-	-	-	-	-	-	-	5,400,843
Unassigned	-	-	-	-	-	-	-	-	-	(290,716)
Special revenue funds	76,621,088	58,875,787	65,517,684	66,452,884	72,551,958	77,995,004	76,035,710	81,941,785	77,385,207	5,110,127
Unreserved, reported in Debt service:										
Assigned	-	-	-	-	-	-	-	-	-	104,223
Unassigned	(474,210)	-	-	960,315	966,965	734,293	503,368	182,572	141,447	99,223
Debt service funds	-	-	-	-	-	-	-	-	-	1,827,797
Unreserved, reported in Capital project:										
Assigned	-	-	-	-	-	-	-	-	-	(73,379)
Unassigned	4,270,107	4,928,089	4,886,807	4,489,293	3,940,442	4,568,332	36,682	3,001,874	4,862,935	1,754,418
Capital project funds	\$ 90,687,571	\$ 78,084,325	\$ 87,462,875	\$ 82,053,331	\$ 87,697,329	\$ 93,027,713	\$ 86,335,871	\$ 97,331,438	\$ 95,495,572	\$ 67,773,614
Total all other governmental funds										



For year ending December 31, 2011, City of Everett implemented GSAB 54 - which requires new classification for fund balances

STAT 04

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes (see STAT 05)	\$ 77,735,821	\$ 76,754,724	\$ 74,186,937	\$ 77,537,823	\$ 85,244,591	\$ 92,174,648	\$ 94,728,334	\$ 86,129,512	\$ 88,226,650	\$ 91,758,482
Licenses and permits	1,387,496	1,836,164	1,363,214	2,263,589	2,121,016	2,404,535	2,117,954	2,030,987	1,275,090	1,372,902
Intergovernmental revenues	17,642,581	14,086,680	11,899,873	15,943,844	12,522,348	13,194,127	19,124,730	16,533,833	12,943,555	11,583,732
Charges for services	6,203,031	6,411,722	7,014,837	10,943,164	10,169,980	10,973,480	11,111,058	11,617,508	11,366,835	10,300,666
Fines and forfeits	1,463,585	1,472,338	1,258,933	1,082,262	1,215,375	1,596,034	2,010,649	2,113,788	2,289,241	2,406,812
Other revenues	7,564,318	6,035,646	7,224,485	7,274,923	7,889,015	9,254,256	7,908,417	4,890,542	6,055,566	6,359,449
Total revenues	111,996,832	106,607,254	102,948,279	115,045,605	119,162,295	129,597,080	137,001,142	123,316,170	122,156,937	123,782,053
EXPENDITURES										
General government services	\$ 15,004,853	\$ 16,238,229	\$ 16,178,836	\$ 17,108,942	\$ 17,696,422	\$ 20,812,764	\$ 23,071,766	\$ 21,371,527	\$ 19,560,359	\$ 22,224,183
Security of persons and property	44,050,649	46,000,907	47,384,766	48,607,621	51,569,472	55,671,979	59,663,391	63,228,588	63,281,581	61,936,081
Physical environment	2,776,089	2,484,345	2,836,653	3,124,140	3,667,253	3,617,227	3,964,226	4,219,145	4,552,143	3,347,520
Transportation	4,772,624	8,194,215	4,118,612	3,730,260	3,787,828	3,781,170	4,601,268	4,157,219	3,848,650	3,855,360
Economic environment	5,359,544	4,924,696	4,915,385	5,171,774	5,206,800	5,471,561	6,132,699	5,966,209	6,774,540	5,886,619
Mental and physical health	107,837	111,747	113,362	22,239	21,233	18,138	23,324	36,022	20,341	25,117
Culture and recreation	13,065,566	13,312,655	12,349,808	12,233,496	12,830,215	13,944,937	14,163,816	15,000,541	14,994,400	14,585,117
Capital outlay	32,569,980	37,070,612	11,271,438	21,646,777	14,518,453	18,188,980	34,648,395	18,115,409	11,543,600	13,139,960
Debt service:										
Principal	3,924,217	5,919,217	3,188,691	7,248,691	3,972,689	3,957,634	2,546,517	5,361,799	1,819,316	419,316
Interest	1,611,878	2,041,841	1,774,059	1,765,365	1,949,970	1,833,568	1,427,968	1,076,646	819,205	806,751
Other debt service costs*	57,165	254,058	50,024	67,274	64,360	50,610	48,255	50,179	45,267	91,968
Total expenditures	123,300,402	136,552,522	104,181,634	120,726,579	115,284,695	127,348,568	150,291,625	138,583,284	127,259,402	126,327,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,303,570)	(29,945,268)	(1,233,355)	(5,680,974)	3,877,600	2,248,512	(13,290,483)	(15,267,114)	(5,102,465)	(2,545,939)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	2,750,000	15,091,666	-	-	250,000	-	-	-	-	-
Refunding debt issued	-	4,347,336	-	-	-	-	-	-	-	-
Payments to debt escrow agent	-	(4,180,000)	-	-	-	-	-	-	-	-
Disposition of capital assets	359,785	2,568,678	91,604	190,039	2,838,549	831,352	561,174	1,596,399	81,031	161,718
Transfers in	15,408,419	20,934,219	17,477,554	20,672,022	20,038,282	26,135,599	26,879,530	21,575,867	24,106,469	12,212,052
Transfers out	(15,350,588)	(18,876,740)	(14,851,842)	(17,869,758)	(17,748,295)	(23,202,762)	(23,349,132)	(17,140,074)	(20,155,854)	(8,303,299)
Total other financing sources (uses)	3,167,616	19,885,159	2,717,316	2,992,303	5,378,536	3,764,189	4,091,572	6,032,192	4,031,646	4,070,471
Special items	-	-	-	-	-	-	4,862,704	13,692,128	-	-
NET CHANGE IN FUND BALANCES	(8,135,954)	(10,060,109)	1,483,961	(2,688,671)	9,256,136	6,012,701	(4,336,207)	4,457,206	(1,070,819)	1,524,532
Debt service as percentage of noncapital expenditures	5.96%	7.62%	5.37%	8.86%	5.82%	5.31%	3.42%	5.29%	2.22%	1.07%

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

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

STAT 05

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

Fiscal Year	Property *	Sales & Use **	Hotel/Motel	Business & Occupation	Admissions	Utility	Cable Franchise	Leasehold	Real Estate Excise	Gambling	Other	Total
2002	30,428,185	20,774,017	204,002	13,527,972	277,892	8,986,279	805,062	300,248	2,368,234	1,611,858	26,308	79,310,057
2003	31,291,685	20,531,835	170,081	11,784,140	244,463	8,648,400	714,494	323,776	2,575,285	1,560,965	24,365	77,869,489
2004	31,946,435	21,005,089	191,078	11,774,281	885,120	9,117,957	778,665	322,623	4,019,630	1,481,562	14,040	81,536,480
2005	32,305,646	23,656,034	197,265	12,906,327	699,159	9,530,447	826,345	331,897	4,675,867	1,477,929	12,462	86,619,378
2006	32,814,005	28,539,628	282,287	14,179,240	274,116	9,782,357	899,657	334,665	5,560,950	940,967	15,337	93,623,209
2007	34,447,362	29,585,849	356,609	16,526,109	349,274	10,464,456	1,033,036	427,173	5,217,137	1,106,534	23,686	99,537,225
2008	35,210,826	27,750,976	347,349	14,724,356	374,911	10,764,479	1,175,386	377,387	2,946,714	1,030,587	25,364	94,728,335
2009	34,589,626	22,901,940	273,102	14,163,851	374,554	10,615,049	1,177,820	386,088	1,227,773	398,649	21,060	86,129,512
2010	35,395,579	24,535,121	283,331	14,560,759	355,862	9,945,590	1,220,816	367,540	1,200,059	339,755	22,238	88,226,650
2011	38,373,048	23,412,096	284,541	15,334,228	343,689	10,165,900	1,261,655	453,142	1,751,671	364,778	13,744	91,758,492

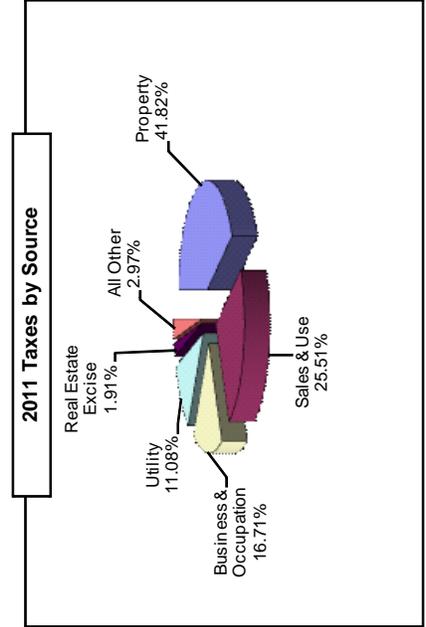
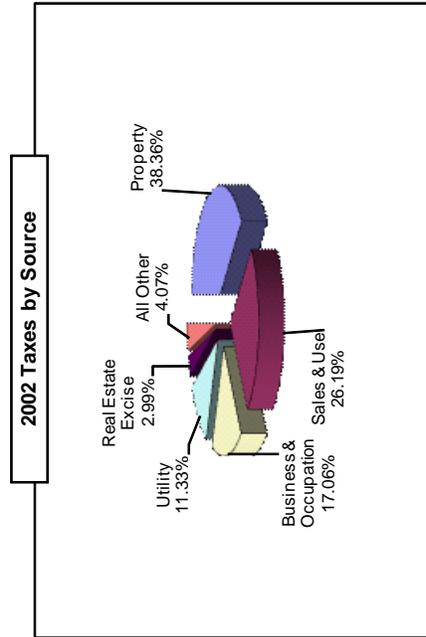
% Change

2002 - 2011	26.11%	12.70%	39.48%	13.35%	23.68%	13.13%	56.72%	50.92%	-26.03%	-77.37%	-47.76%	15.70%
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* Includes property tax recorded in General Government funds plus property tax recorded directly to the Police and Fire Pension Funds.

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

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



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

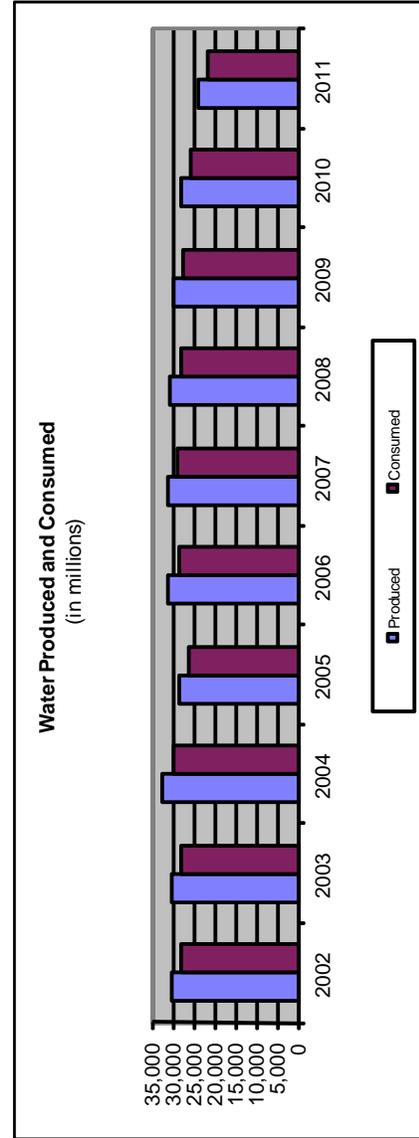
STAT 6a

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

Year	Gallons of Water Produced				Gallons of Water Unbilled		Average Percent Unbilled		Gallons of Wastewater Treated		Total Direct Rates			
	Produced	Consumed	Water Unbilled	Unbilled	Water Unbilled	Unbilled	Percent Unbilled	Unbilled	Treated	Base Rate ¹	Water Usage Rate	Base Rate	Sewer Usage Rate	
2002	30,190	27,775	2,415	2,415	2,415	2,415	8.00%	8.00%	6,039	10.26	1.71	25.65	2.85	
2003	30,236	27,817	2,419	2,419	2,419	2,419	8.00%	8.00%	5,581	10.26	1.71	28.15	3.13	
2004	32,417	29,824	2,593	2,593	2,593	2,593	8.00%	8.00%	6,184	10.26	1.71	30.65	3.41	
2005	28,432	26,157	2,275	2,275	2,275	2,275	8.00%	8.00%	6,818	10.26	1.71	34.15	3.79	
2006	30,927	28,453	2,474	2,474	2,474	2,474	8.00%	8.00%	7,000	11.25	1.87	38.40	4.27	
2007	31,287	28,785	2,502	2,502	2,502	2,502	8.00%	8.00%	6,513	11.82	1.97	38.40	4.27	
2008	30,470	28,031	2,439	2,439	2,439	2,439	8.00%	8.00%	6,805	12.42	2.07	38.40	4.27	
2009	29,894	27,503	2,391	2,391	2,391	2,391	8.00%	8.00%	6,706	13.20	2.20	40.30	4.48	
2010	28,036	25,791	2,245	2,245	2,245	2,245	8.01%	8.01%	7,056	14.10	2.35	42.40	4.71	
2011	23,676	21,782	1,894	1,894	1,894	1,894	8.00%	8.00%	7,145	15.06	2.51	44.50	4.94	

(units in millions)

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



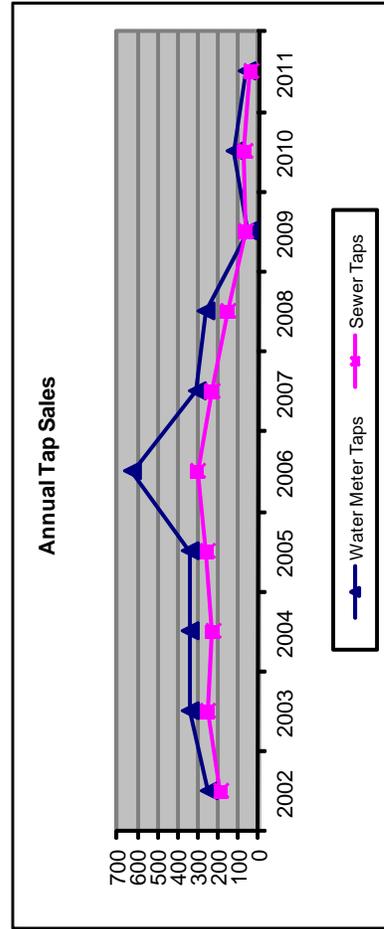
Source: City of Everett Water/Sewer Utility Department

STAT 6b

**ANNUAL TAP SALES
LAST TEN FISCAL YEARS**

Year	Water Meter Taps Sold *	Sewer Taps Sold	Total Taps
	Sold *	Sold	Total Taps
2002	250	190	440
2003	344	256	600
2004	344	228	572
2005	344	257	601
2006	630	305	935
2007	308	233	541
2008	266	155	421
2009	54	67	121
2010	122	70	192
2011	62	41	103

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



Notes: The large increase in water meter taps in 2006 was due to higher than normal economic growth that year. Water and sewer taps have declined in recent years due to reduced growth.

Source: City of Everett Water/Sewer Utility Department

STAT 6c

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

Year	WATER				SEWER				Total
	Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	
2002	21,265	2,562	53	304	19,630	1,718	39	120	21,507
2003	21,681	2,649	55	318	19,821	1,731	40	115	21,707
2004	21,737	2,645	56	254	20,025	1,745	40	115	21,925
2005	22,135	2,739	55	279	20,477	1,780	41	123	22,421
2006	22,727	2,712	52	292	20,990	1,794	40	126	22,950
2007	22,884	3,019	50	312	21,148	1,808	37	128	23,121
2008	22,891	2,807	52	319	21,170	1,823	38	128	23,159
2009	22,906	2,825	50	332	21,223	1,822	36	130	23,211
2010	22,848	2,846	48	339	21,178	1,840	34	133	23,185
2011	24,026	2,883	48	346	21,250	1,849	34	136	23,269

Source: City of Everett Water/Sewer Utility Department

STAT 6d

WATER AND SEWER RATES
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
WATER RATES										
Base rate (meter size)										
Flat rate	\$16.50	\$16.50	\$16.50	\$17.10	\$18.75	\$19.70	\$20.70	\$22.00	\$23.50	\$25.10
3/4"	10.26	10.26	10.26	10.26	11.25	11.82	12.42	13.20	14.10	15.06
1"	17.10	17.10	17.10	17.10	18.75	19.70	20.70	22.00	23.50	25.10
2"	20.52	20.52	20.52	20.52	22.50	23.64	24.84	26.40	28.20	30.12
Over 2"	27.36	27.36	27.36	27.36	30.00	31.52	33.12	35.20	37.60	40.16
Usage rate (per CCF)	\$1.71	\$1.71	\$1.71	\$1.71	\$1.87	\$1.97	\$2.07	\$2.20	\$2.35	\$2.51

SEWER RATES

Flat rate	\$25.65	\$28.15	\$30.65	\$34.15	\$38.40	\$38.40	\$38.40	\$40.30	\$42.40	\$44.50
Usage rate (per CCF)	2.85	3.13	3.41	3.79	4.27	4.27	4.27	4.48	4.71	4.94

Source: City of Everett Water/Sewer Utility Department

STAT 6e

LARGEST WATER and SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

Customer	2011 Water Revenue			2002 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 12,892,369	1	45.69%	\$ 8,857,572	1	42.99%
Alderwood Water District	8,076,577	2	28.62%	5,387,079	2	26.15%
Lake Stevens PUD	1,908,427	3	6.76%	897,705	5	4.36%
Kimberly Clark	1,661,366	4	5.89%	1,419,523	3	6.89%
City of Marysville	1,254,072	5	4.44%	872,138	6	4.23%
City of Monroe	843,561	6	2.99%	538,551	8	2.61%
Mukilteo Water District	692,855	7	2.46%	696,384	7	3.38%
City of Snohomish	256,000	8	0.91%	108,412	9	0.53%
Silver Lake Water District	159,745	9	0.57%	1,303,944	4	6.33%
Subtotal	27,744,972		98.32%	20,081,308		97.47%
Balance from other customers	474,762		1.68%	521,629		2.53%
Grand total	\$ 28,219,734		100.00%	\$ 20,602,937		100.00%

Customer	2011 Sewer Revenue			2002 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 17,153,928	1	73.60%	\$ 11,936,670	1	77.73%
Silver Lake Water District	4,001,684	2	17.17%	1,884,772	2	12.27%
Alderwood Water District	1,616,830	3	6.94%	1,136,288	3	7.40%
Mukilteo Water District	492,441	4	2.11%	398,383	4	2.60%
Subtotal	23,264,883		99.82%	15,356,113		100.00%
Balance from other customers	42,289		0.18%	-		0.00%
Grand total	\$ 23,307,172		100.00%	\$ 15,356,113		100.00%

Source: City of Everett Water/Sewer Utility Department

STAT 07a

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi-Family Property	Other Property	Personal Property	State Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²
2002										7,311,759,809	3.723
2003										8,424,812,456	3.723
2004										8,398,860,467	3.801
2005										9,049,119,416	3.598
2006	4,565,991,700	3,214,149,234	1,079,908,157	15,535,800	1,229,414,900	320,767,100	1,017,765,678	246,202,050	(1,988,336,486)	9,701,398,133	3.404
2007	5,904,947,900	3,934,336,830	1,139,574,000	16,245,700	1,444,732,800	380,386,800	1,118,742,337	238,888,736	(2,458,841,001)	11,719,014,102	2.964
2008	6,879,658,100	4,549,691,000	1,295,973,290	16,827,900	1,690,238,700	433,016,500	1,170,313,581	221,207,295	(2,835,585,254)	13,421,441,112	2.643
2009	6,886,380,250	4,995,201,347	1,367,947,800	17,371,700	1,951,536,900	461,792,300	1,451,220,118	228,700,703	(3,098,363,164)	14,261,787,954	2.502
2010	6,183,791,200	5,076,738,700	1,416,851,000	17,655,800	1,950,129,800	408,719,700	1,289,759,368	224,083,430	(2,976,597,235)	13,591,131,763	2.655
2011	5,602,394,800	4,703,084,000	1,336,953,900	16,824,900	1,661,765,100	327,026,900	1,289,524,972	234,522,057	(2,802,653,484)	12,363,443,145	3.108

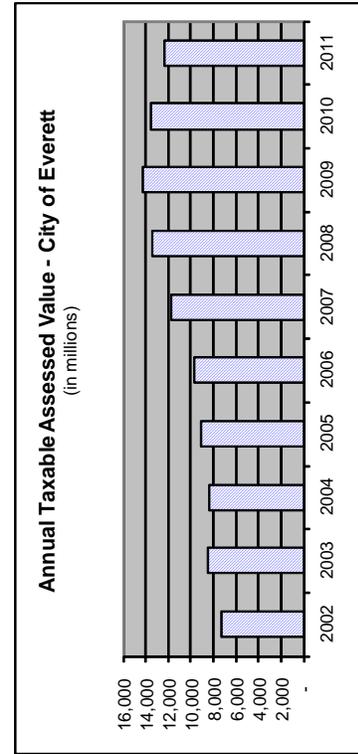
¹ Washington State law requires all property be assessed at 100% of its true and fair market value.

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

Notes:

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

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

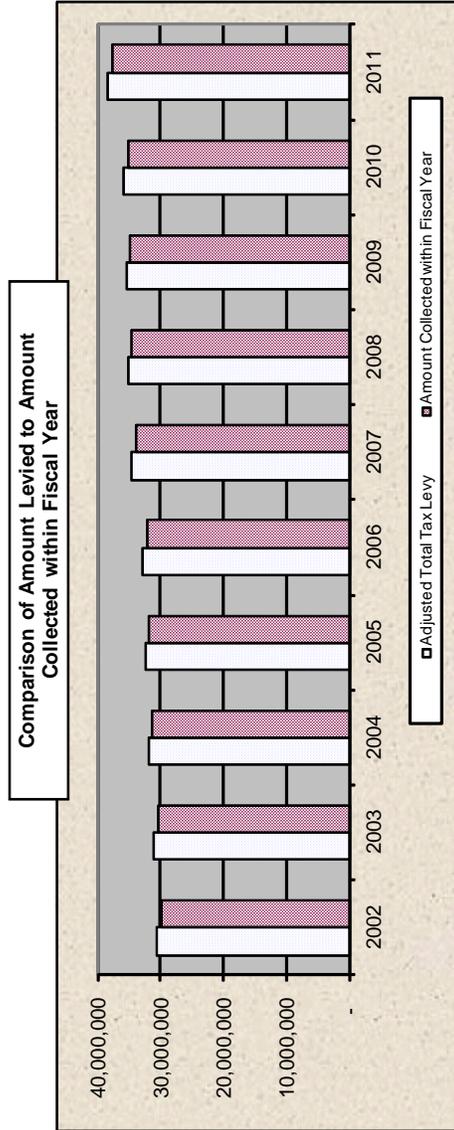


Source: Snohomish County Assessor's Office.

STAT 07b

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Assessor's Certification Adjustments	Adjusted Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy	Percentage of Adjusted Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Adjusted Levy
	Amount	Amount	Amount	Amount	%	Amount	Amount	%
2002	30,800,591	(133,042)	30,667,549	29,865,138	97.4%	801,908	30,667,046	100.0%
2003	31,193,866	(141,056)	31,052,809	30,374,645	97.8%	677,406	31,052,051	100.0%
2004	31,919,231	(108,881)	31,810,350	31,227,930	98.2%	581,302	31,809,232	100.0%
2005	32,474,466	(50,680)	32,423,786	31,741,124	97.9%	681,338	32,422,462	100.0%
2006	33,028,740	(254,605)	32,774,135	32,160,647	98.1%	610,738	32,771,385	100.0%
2007	34,712,808	(188,387)	34,524,421	33,814,845	97.9%	692,703	34,507,548	100.0%
2008	35,442,101	(236,453)	35,205,648	34,613,826	98.3%	560,878	35,174,703	99.9%
2009	35,678,786	(234,315)	35,444,471	34,804,805	98.2%	417,696	35,222,501	99.4%
2010	36,088,548	(232,559)	35,855,989	35,170,678	98.1%	417,696	35,588,373	99.3%
2011	38,420,299	-	38,420,299	37,596,649	97.9%	262,559	37,859,207	98.5%

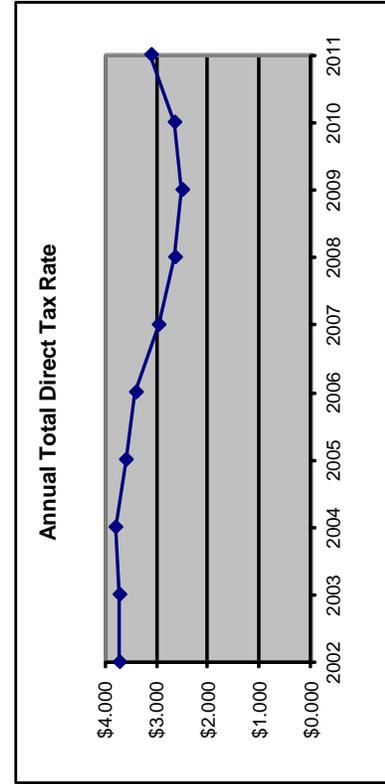


Source: Snohomish County Assessor's Office.

STAT 07c

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**
(rate per \$1,000 of assessed value)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Direct Rates:										
Regular	\$3.207	\$3.207	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608
Subtotal-Regular Levy	\$3.207	\$3.207	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608
Emergency Medical	\$0.445	\$0.445	\$0.455	\$0.431	\$0.408	\$0.355	\$0.317	\$0.305	\$0.324	\$0.500
82 G.O. Housing Bond	0.015	0.015	0.015	0.014	0.013	0.011	0.010	0.000	0.000	0.000
88 G.O. Housing Bond	0.056	0.056	0.056	0.052	0.049	0.041	0.036	0.000	0.000	0.000
City Total	\$3.723	\$3.723	\$3.801	\$3.598	\$3.404	\$2.964	\$2.643	\$2.502	\$2.655	\$3.108
Overlapping Taxes:										
County	\$1.367	\$1.367	\$1.209	\$1.098	\$0.999	\$0.840	\$0.723	\$0.717	\$0.782	\$0.868
State School	3.184	3.184	2.953	2.789	2.532	2.165	1.906	1.909	1.993	2.206
Local School	5.502	5.502	5.699	5.015	4.733	4.349	4.000	4.128	4.626	5.438
Port of Everett	0.377	0.377	0.377	0.353	0.330	0.310	0.276	0.267	0.285	0.285
Grand Total	\$14.153	\$14.153	\$14.039	\$12.853	\$11.998	\$10.628	\$9.548	\$9.523	\$10.341	\$11.905



Source: Snohomish County Assessor's Office.

STAT 07d

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2011			2002		
		Taxable Assessed Valuation (AV) ¹	Rank	% of Total City Taxable AV	Taxable Assessed Valuation (AV) ²	Rank	% of Total City Taxable AV
The Boeing Company	Aerospace	\$ 1,477,595,695	1	11.95%	\$ 1,311,708,313	1	17.94%
Frontier (Verizon)	Telecommunications	158,314,194	2	1.28%	184,377,144	3	2.52%
Kimberly-Clark Corporation	Pulp and Paper	154,491,764	3	1.25%	184,869,051	2	2.53%
Fluke Electronics Corp	Electronics	88,344,730	4	0.71%	88,864,039	4	1.22%
Providence General Medical Ctr	Medical	86,745,384	5	0.70%	24,514,100	7	0.34%
Steadfast Properties & Dev	Development	63,632,700	6	0.51%			
Stockpot Inc	Food Manufacturing	56,848,494	7	0.46%			
Millington Apartments LLC	Apartments	41,071,000	8	0.33%			
Stephanus Paul	Development	41,024,000	9	0.33%			
GRE Fulton's Holdings LLC	Development	40,506,200	10	0.33%			
Equitable Life Assurance Society	Development						
Puget Sound Energy	Utility				37,379,200	5	0.51%
Huntington Park Apts	Apartments				28,999,638	6	0.40%
CV Associates LLC	Apartments				23,277,000	8	0.32%
Skotdal Development	Development				22,216,000	9	0.30%
					21,745,000	10	0.30%
		\$ 2,208,574,161		17.86%	\$ 1,927,949,485		26.37%

¹ 2011 total assessed value - \$12,363,443,145

² 2002 total assessed - \$7,311,759,809

Source: Snohomish County Assessor's Office

STAT 08

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Type Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	General Obligation Bonds	Public Works Trust Fund Loans	Special Assessment Bonds	Certificate of Participation Bonds	Notes Payable	Capital Lease	Interlocal Agreement	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans	Notes Payable	Capital Lease			
2002	35,670,000	2,425,041	180,000	-	-	-	627,732	13,765,000	31,085,000	12,785,421	320,127	-	96,858,321	0.49%	1,008
2003	45,025,000	2,313,135	90,000	-	-	-	575,421	13,275,000	68,695,000	14,791,559	293,018	-	145,058,133	0.72%	1,519
2004	42,130,000	2,161,755	-	-	-	-	523,110	14,760,000	64,530,000	16,694,044	263,070	-	141,021,979	0.67%	1,456
2005	35,085,000	2,010,376	-	-	-	-	470,799	9,220,000	95,280,000	25,448,770	227,102	-	175,634,047	0.83%	1,801
2006	32,210,000	2,108,997	-	-	-	-	418,488	8,655,000	90,900,000	31,219,933	193,463	31,840	172,735,723	0.79%	1,709
2007	29,335,000	2,308,169	-	-	-	-	366,177	1,255,000	86,315,000	37,131,146	153,088	361,812	163,360,076	0.64%	1,605
2008	28,000,000	1,774,987	-	-	-	-	313,866	-	82,550,000	41,999,500	108,461	203,455	160,092,752	0.58%	1,565
2009	28,000,000	1,607,983	-	-	-	-	261,555	-	115,920,000	39,305,473	4,154,023	85,634	189,334,668	0.69%	1,851
2010	26,400,000	1,440,978	-	-	-	-	209,244	9,400,000	111,795,000	38,050,597	2,988,644	121,635	190,402,480	0.65%	1,829
2011	26,200,000	1,273,973	-	-	-	-	156,933	8,200,000	159,480,000	35,938,261	1,820,635	25,225	233,099,677	0.76%	2,263

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

² See Stat 13 for population data.

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

STAT 09

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

Year	General Obligation Bonds ¹	Percentage of Taxable Assessed Value ²	Per Capita ³
2002	49,435,000	0.68%	515
2003	58,300,000	0.69%	611
2004	56,890,000	0.68%	587
2005	44,305,000	0.49%	454
2006	40,865,000	0.42%	404
2007	30,590,000	0.26%	300
2008	28,000,000	0.21%	274
2009	28,000,000	0.20%	271
2010	35,800,000	0.26%	344
2011	34,400,000	0.28%	334

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

² See Stat 07a for property value data.

³ See Stat 13 for population data.

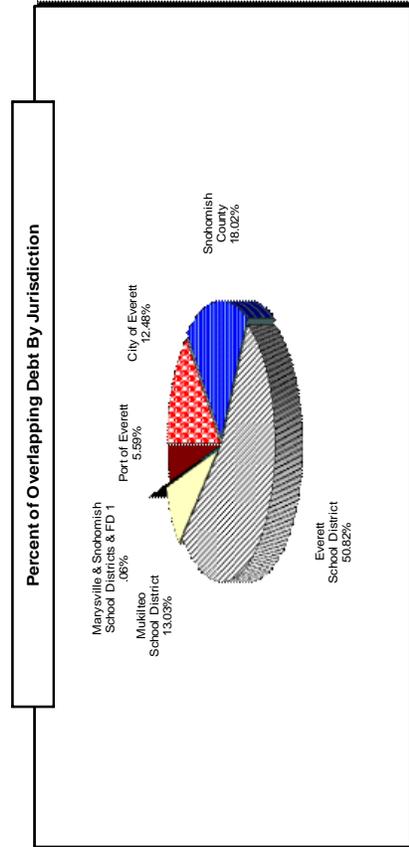
STAT 10

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 342,154,685	14.42%	\$ 49,354,568
Everett School District No. 2	234,285,000	60.40%	141,518,974
Mukilteo School District No. 6	50,924,758	38.25%	19,480,963
Snohomish School District No. 201	349,055,000	0.01%	49,032
Marysville School District No. 25	94,890,000	0.04%	40,543
Fire District 1	2,980,000	1.81%	53,801
Port of Everett	12,175,000	80.58%	9,810,905
Other debt			
Snohomish County - Assessment Debt	505,000	14.42%	72,844
Port of Everett - Notes Payable	1,638,576	80.58%	1,320,404
Subtotal, overlapping debt			221,702,034
City direct debt			35,835,556
Total direct and overlapping debt			\$ 257,537,590

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

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



STAT 11

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Non-voted debt limit (1.5% of assessed value)	Voted debt limit (1.0% of assessed value)
Assessed Value	12,363,443,145	12,363,443,145
Debt limit	185,451,647	123,634,431
Debt applicable to limit:		
Total general obligation debt	35,835,556	0
Less: Amount set aside for repayment of GO debt	0	0
Total net debt applicable to limit	35,835,556	0
Legal debt margin	149,616,091	123,634,431

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-voted debt limit *										
Total net debt applicable to limit	109,676,397	126,372,187	125,982,907	135,736,791	145,625,972	175,785,212	201,321,617	213,926,829	203,866,976	185,451,647
Legal debt margin	44,087,241	53,776,486	55,839,886	52,447,266	48,942,266	38,379,941	35,231,336	29,869,538	37,456,604	35,835,556
Total net debt applicable to the limit as a % of debt limit	40.20%	42.55%	44.32%	38.64%	33.61%	21.83%	17.50%	13.96%	18.37%	19.32%
Voted debt limit *										
Total net debt applicable to limit	73,117,598	84,248,124	83,988,605	90,491,194	97,083,981	117,190,141	134,214,411	142,617,880	135,911,318	123,634,431
Legal debt margin	2,718,289	2,469,330	2,024,442	1,540,449	1,030,917	490,618	0	0	0	0
Total net debt applicable to the limit as a % of debt limit	3.72%	2.93%	2.41%	1.70%	1.06%	0.42%	0.00%	0.00%	0.00%	0.00%

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

STAT 12

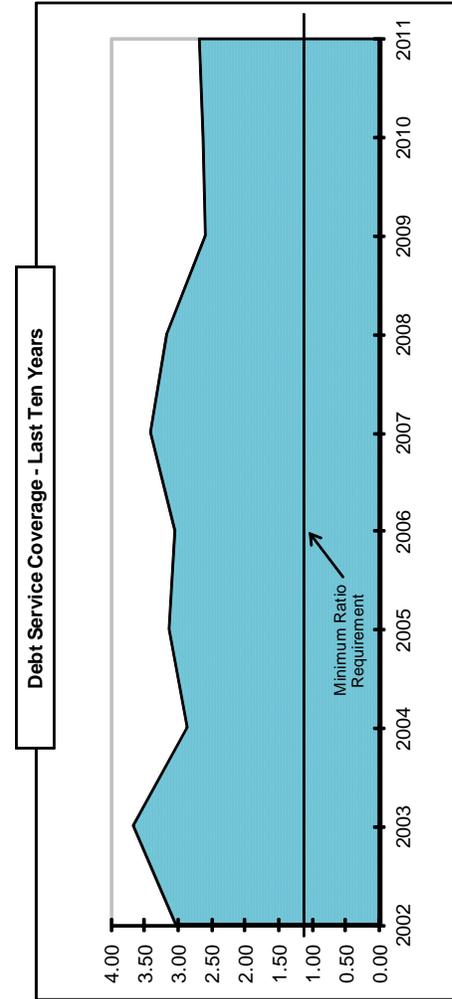
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

SEWER AND WATER REVENUE BONDS

YEAR	UTILITY SERVICE CHARGES ¹	OPERATING EXPENSES ²	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL PRINCIPAL & INTEREST	COVERAGE RATIO
2002	42,894,689	24,904,768	17,989,921	4,170,000	1,717,260	5,887,260	3.06
2003	44,438,798	23,673,061	20,765,737	4,185,000	1,450,210	5,635,210	3.68
2004	46,475,689	25,309,741	21,165,948	4,195,000	3,146,164	7,341,164	2.88
2005	49,942,521	26,898,167	23,044,354	4,250,000	3,058,214	7,308,214	3.15
2006	58,371,096	30,105,007	28,266,089	4,380,000	4,837,494	9,217,494	3.07
2007	61,744,008	30,917,051	30,826,957	4,585,000	4,406,208	8,991,208	3.43
2008	59,186,417	33,983,025	25,203,391	3,765,000	4,143,708	7,908,708	3.19
2009	60,830,248	33,138,037	27,692,211	6,615,000	3,981,716	10,596,716	2.61
2010	61,440,078	36,175,493	25,264,585	4,135,000	5,407,280	9,542,280	2.65
2011	65,384,955	37,937,746	27,447,209	3,305,000	6,850,697	10,155,697	2.70

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

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



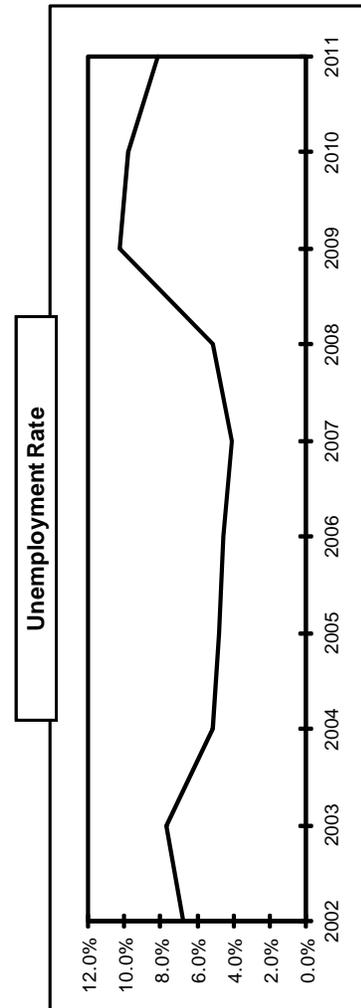
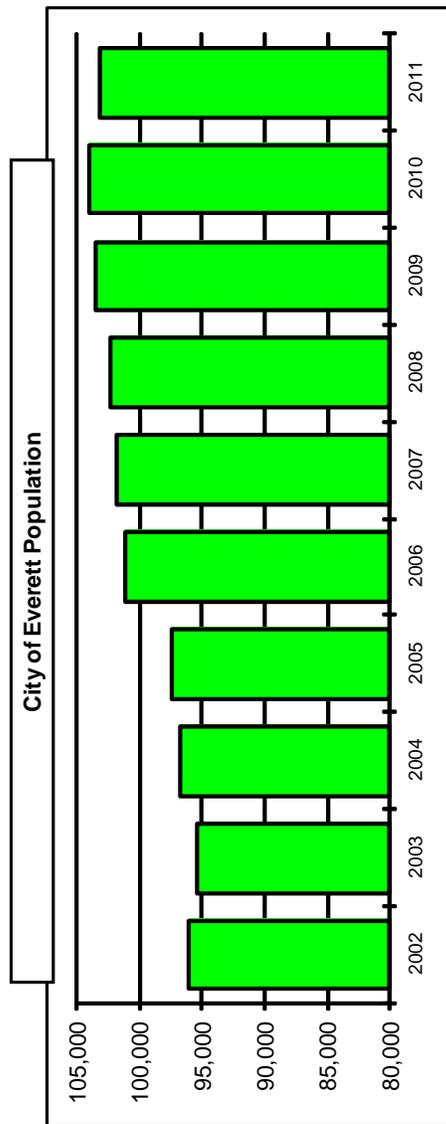
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City of Everett Population ⁽¹⁾	Personal		Unemployment Rate ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
		Income ⁽²⁾ (thousands of dollars)	Per Capita Personal Income ⁽²⁾			
2002	96,070	19,899,982	31,495	6.8%	35.0	18,096
2003	95,470	20,154,472	31,856	7.7%	35.2	18,083
2004	96,840	21,322,871	33,285	5.1%	35.4	18,093
2005	97,500	22,746,131	34,963	4.8%	35.6	17,893
2006	101,100	24,666,204	37,115	4.5%	35.7	18,786
2007	101,800	27,179,614	40,302	4.1%	35.8	18,838
2008	102,300	27,410,640	40,644 *	5.1%	35.8	18,935
2009	103,500	27,643,630	40,989 *	10.3%	35.8	19,083
2010	104,100	29,448,610	42,972 *	9.8%	35.8	19,049
2011	103,100	30,597,337	44,052 *	8.2%	37.3	18,856

Sources:

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



STAT 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO

Employer	2011			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	39,000	1	35.24%	23,000	1	28.75%
Naval Station Everett	6,000	2	5.42%	6,110	2	7.64%
Providence General Medical Center	3,500	3	3.16%	3,239	3	4.05%
State of Washington	2,800	4	2.53%	3,100	4	3.88%
Snohomish County Government	2,500	5	2.26%	2,653	5	3.32%
The Everett Clinic	2,100	6	1.90%	1,252	10	1.57%
Everett School District	1,900	7	1.72%	2,000	6	2.50%
Frontier Communications (Verizon)	1,500	8	1.36%	1,600	8	2.00%
City of Everett	1,190	9	1.08%	1,140		1.43%
Fluke Corporation	1,100	10	0.99%	1,070		1.34%
	<u>61,590</u>		<u>55.65%</u>	<u>45,164</u>		<u>56.46%</u>

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

Source: City of Everett Budget Document.

STAT 15

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
General government services	137.60	135.70	122.90	136.90	137.40	140.50	145.50	147.60	148.10	145.30
Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Legal	11.50	11.50	11.50	15.50	15.50	16.50	18.50	18.50	20.00	19.00
Administration	13.00	8.50	7.40	7.40	7.40	7.40	7.00	7.00	7.00	7.00
Economic development	0.00	0.50	1.50	1.50	1.50	1.50	1.90	1.90	1.90	1.90
Municipal court	15.40	15.10	13.60	13.60	13.60	13.60	14.65	14.65	14.65	14.65
Probation	3.30	3.30	3.30	3.30	3.30	3.30	5.45	5.45	5.45	5.45
Budget	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HR	14.00	14.00	12.00	12.00	12.00	12.00	13.50	13.50	13.50	13.50
Finance	37.90	37.30	34.60	20.80	20.80	20.80	20.80	20.80	20.80	20.00
IT	0.00	0.00	0.00	14.80	14.80	15.80	15.80	16.80	16.80	16.80
Facilities	30.50	33.50	31.00	40.00	40.00	41.00	41.00	41.00	41.00	39.00
Property management										
Police	217.60	222.00	220.00	220.00	220.00	240.00	242.00	246.00	246.00	244.00
Civilian	36.60	41.00	39.00	39.00	39.00	44.00	44.00	47.00	45.00	43.00
Uniformed	181.00	181.00	181.00	181.00	181.00	196.00	198.00	199.00	201.00	201.00
Fire/EMS	185.00	189.00	189.00	190.00	191.00	192.00	191.80	190.80	186.00	186.00
Fire	149.30	151.30	152.00	152.00	142.00	143.00	142.80	142.80	143.00	143.00
Emergency medical services	35.70	37.70	38.00	38.00	49.00	49.00	49.00	48.00	43.00	43.00
Engineering & construction services	59.00	51.00	48.00	50.80	51.80	52.20	52.15	47.65	47.55	47.55
Transportation	32.80	29.80	24.50	24.50	24.60	24.60	26.60	26.55	26.55	26.55
Community services	51.50	47.50	42.00	39.00	40.00	43.00	44.00	46.00	43.00	41.00
Planning	20.00	17.00	18.50	18.50	18.50	15.50	16.50	16.50	16.50	15.50
Neighborhoods/comm svcs	7.00	7.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Animal control	9.00	9.00	9.00	9.00	10.00	16.00	16.00	18.00	15.00	14.00
Senior center	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Domestic violence	4.00	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community housing	5.50	5.50	4.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Library	45.90	45.40	42.20	42.20	42.20	43.00	43.00	43.00	42.20	41.20
Culture and recreation	65.00	65.00	53.10	55.10	58.10	58.10	61.10	61.10	61.10	61.10
Parks	64.50	64.50	53.00	55.00	54.00	57.00	60.00	60.00	60.00	60.00
Theater	0.50	0.50	0.10	0.10	1.10	1.10	1.10	1.10	1.10	1.10
Total FTEs: governmental activities ¹	794.40	765.40	741.70	758.50	762.10	794.00	806.20	813.20	801.60	792.70
Business-Type Activities:										
Water/Sewer	168.40	171.40	179.90	182.90	186.90	196.90	200.90	213.85	215.20	218.30
Solid waste	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Transit	96.20	101.30	110.70	117.70	125.00	131.00	135.60	143.60	144.00	144.00
Golf	12.50	12.50	10.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00
Total FTEs: business-type activities ²	277.70	285.80	301.20	311.20	322.50	336.50	345.10	366.05	367.80	370.90
Internal Service:										
Motor vehicle department	26.30	26.30	26.30	26.30	26.00	26.00	26.00	26.00	26.00	24.00
Telecommunications	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Total FTEs: internal services	28.30	28.30	28.30	28.30	28.00	29.00	29.00	29.00	29.00	27.00
Total City FTEs	1,100.40	1,099.50	1,071.20	1,098.00	1,112.60	1,159.50	1,180.30	1,208.25	1,198.40	1,190.60
Annual percent change total city	-0.01%	-0.08%	-2.57%	2.50%	1.33%	4.22%	1.79%	2.37%	-0.82%	-0.65%

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

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

Comments:

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

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

Source: City Budget Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011
General government services								Estimate
Municipal Court	28,688	25,230	24,800	32,130	40,742	43,529	41,969	36,515
Finance								
Total filings (infraction, parking, criminal)	8,954	8,408	9,295	8,480	9,100	10,000	8,449	9,100
Active business license accounts	475	444	539	471	534	550	703	900
Public information requests								
Police								
Case Reports Written	n/a	26,826	28,866	30,165	27,560	25,821	26,874	26,963
Traffic violations	6,255	7,474	6,408	8,409	10,799	10,291	13,082	15,325
Parking violations	19,432	14,546	15,819	15,604	23,922	27,000	22,215	16,435
Auto thefts	1,586	1,586	1,506	1,850	1,175	678	1,141	925
Financial crimes investigated	619	1,252	1,397	1,386	1,527	1,530	1,266	1,276
Computer forensics	32	32	40	22	23	33	36	38
Fire/EMS								
Fire/EMS alarm totals	16,841	17,195	18,468	18,775	18,203	18,381	17,733	17,258
Structure fires	118	114	142	118	87	92	101	100
Mobile vehicle/property fires	109	109	115	79	65	82	63	60
Outdoor and other fires	209	149	136	230	225	210	227	220
Inspections	4,000	4,700	4,708	4,055	3,519	1,556	1,993	2,200
Engineering & construction services								
Permits issued	5,400	5,500	6,400	7,100	5,100	4,500	4,400	3,600
Inspections	11,200	11,400	13,600	15,200	14,000	12,000	9,800	9,600
Transportation								
Street patching/paving (in sq ft)	179,998	242,030	212,860	214,680	464,219	255,312	137,600	145,120
Curbs and gutters replaced (in lineal ft)	4,972	4,984	18,460	4,807	2,755	5,000	4,106	4,947
Sidewalk/streets replaced (in sq ft)	95,120	90,082	69,578	77,856	69,353	89,000	80,618	74,477

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	Estimate 2011
Community services								
Planning								
Code enforcement actions	1,195	1,312	1,328	1,028	1,200	1,800	1,180	970
Senior Center								
Senior meal program attendance	27,507	25,967	23,838	24,296	23,968	22,626	16,833	20,501
Animal Services								
Adoptions	2,109	2,372	2,470	2,464	2,037	1,995	2,160	2,046
Owner releases	4,743	4,544	4,439	4,730	3,903	2,939	2,874	2,407
Library								
Total number of materials circulated	1,004,380	996,639	948,997	893,455	989,626	1,060,000	1,088,624	1,069,841
Number of reference questions asked	68,182	66,128	66,945	65,949	76,105	72,622	77,113	56,822
Culture and recreation								
Athletic program participants	30,900	33,400	32,600	34,000	34,500	35,340	30,159	32,340
Recreational swim participants	75,000	84,100	82,100	85,000	82,000	74,278	74,886	61,515
Jetty Island visitors	26,142	27,200	28,700	29,500	34,216	47,792	45,497	45,497
Theater attendance	70,778	68,071	80,433	75,350	81,000	82,500	82,279	78,620
Water/Sewer								
Water								
New connections	344	344	630	308	155	59	109	**1,247
Water main breaks	45	29	18	16	32	21	14	39
Average daily consumption (mgd) - finished water	51.1	50.8	55.5	52.9	52.4	54.4	48.7	48.8
Peak daily consumption (mgd) - finished water	99.3	90.3	110.0	102.2	94.5	115.0	88.0	75.0
Treated water delivered (mg)	18,201	16,872	19,026	19,332	19,193	19,850	17,255	17,065
Untreated water delivered (mg)	11,622	9,285	9,427	9,778	10,061	10,044	10,781	6,611
Water customers served by system	495,000	505,000	516,000	528,000	551,000	557,000	557,000	557,000
Sewer								
Average daily sewage treated (mg)	17	19	19	18	19	18	19	19
Sewage treated (mg)	6,184	6,818	7,000	6,513	6,805	6,706	7,056	7,145
Number of sanitary sewer customers within city	21,658	22,162	22,670	22,822	23,159	23,211	23,185	23,269

** This number includes 1,180 new connections resulting from the annexation of a portion of Mukilteo Water District customers.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	Estimate 2011
Parking (Everpark Garage)								
Average monthly parkers	443	405	381	456	495	480	409	229
Average daily parkers	553	429	428	422	410	518	209	374
Transit								
Fixed route unlinked passenger trips (per svc hr)	21.0	21.0	21.0	21.4	22.5	20.9	17.6	19.2
Paratransit unlinked passenger trips (per svc hr)	2.7	2.7	2.7	2.4	2.5	2.5	2.6	2.4
Total fixed route miles	1,069,837	1,093,744	1,265,534	1,442,420	1,378,016	1,455,668	1,610,775	1,444,596
Fixed route passengers	1,927,339	1,957,478	2,112,866	2,228,193	2,517,200	2,495,005	2,289,587	2,323,769
Paratransit passengers	89,695	91,366	95,169	103,302	111,674	108,952	113,581	119,232
Golf								
Total rounds at Walter E. Hall course	57,916	65,971	67,224	62,440	66,372	67,328	64,269	57,259
Total rounds at Legion Memorial course	52,139	56,162	59,531	58,732	62,287	63,429	61,952	56,892

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

Sources: Various city departments and the City Budget.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011
Police								
Police stations	2	2	2	2	2	2	2	2
Police vehicles	141	145	144	157	144	169	178	180
Harbor patrol boats	3	3	3	3	3	3	3	3
Fire/EMS								
Fire stations	7	7	7	7	6	6	6	6
Fire engines (pumpers)	10	11	11	11	11	11	7	7
Aerial ladder trucks	3	3	3	3	2	2	2	2
Emergency Medical Units	7	7	9	9	9	9	9	9
Transportation								
Paved streets (in miles)	319	314	314	321	321	321	321	337
Other improved streets (in miles)	28	28	28	28	28	28	28	28
Signalized intersections	159	161	164	169	172	177	173	175
Street lights	6,231	6,425	6,550	6,606	6,648	6,691	6,680	6,700
Community services								
Animal shelter	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1
Library								
Branches	2	2	2	2	2	2	2	2
Bookmobile	1	1	1	1	1	1	1	1
Culture and recreation								
Number of parks/playgrounds	39	58	58	58	48	48	48	48
Total acreage owned/managed by City	1,210	1,213	1,213	1,213	1,600	1,600	1,600	1,600
Public swimming pool	1	1	1	1	1	1	1	1

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011
Water/Sewer								
Water								
Water mains (miles)	453	465	468	473	480	480	494	496
Fire hydrants	2,764	2,875	2,956	3,045	3,091	3,119	3,278	3,279
Water storage capacity (within city)(in mg)	85	85	85	85	85	85	78	78
Sewer								
Sanitary sewers (miles)	310	317	322	326	330	330	334	334
Storm sewers (miles)	225	231	243	246	254	254	259	290
Treatment capacity (mgd)	31	31	31	31	36	36	35	35
Parking								
Everpark parking garage	1	1	1	1	1	1	1	1
Transit								
Number of Buses	40	40	46	49	49	49	49	49
Number of Paratransit vehicles	18	18	18	24	22	22	22	22
Transit stations	1	1	2	2	3	3	3	3
Golf								
Municipal golf courses	2	2	2	2	2	2	2	2

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

Sources: Various city departments and the City Budget.



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SCHEDULE 16
(Page 1 of 3)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
Dept of HUD		CDBG/Comm. Dev. Block Grants/Entitlement	14.218			370,871	
Dept of HUD		CDBG/Comm. Dev. Block Grants/Entitlement	14.218	Program Income		33,978	Note 3a
Dept of HUD		CDBG/Comm. Dev. Block Grants/Entitlement	14.218			527,648	
Dept of HUD		CDBG/Comm. Dev. Block Grants/Entitlement	14.218	Subtotal	0	8,562	
					0	941,059	941,059
Dept of HUD	WA Dept of Commerce	CDBG/Comm. Dev. Block Grants/State's Prg	14.228		45,900		Note 3a
Dept of HUD	WA Dept of Commerce	CDBG/Comm. Dev. Block Grants/State's Prg	14.228	Program Income	41		
				Subtotal	45,941	0	45,941
Dept of HUD	SnoCo Human Services	Home Invest Partnership Prog	14.239		126,018		Note 3a
Dept of HUD	SnoCo Human Services	Home Invest Partnership Prog	14.239	Program Income	12,597		
Dept of HUD	SnoCo Human Services	Home Invest Partnership Prog	14.239		10,000		
				Subtotal	148,615	0	148,615
Dept of HUD		ARRA - Comm. Dev. Block Grants	14.253			14,153	
Dept of HUD		ARRA - Comm. Dev. Block Grants	14.253	Subtotal	0	14,809	14,809
Dept of Justice	SnoCo Sheriff	Edward Byrne Memorial Formula Grant Program	16.579	F97-374-017	36,403		36,403
Dept of Justice	WA Dept of Commerce	ARRA - Violence Against Women Formula Grants	16.588		21,561		21,561
Dept of Justice		Bullet Proof Vest Partnership Program	16.607			33,193	33,193
Dept of Justice		ARRA - Public Safety Partnership Comm Policing	16.710	2009-RKWX-0887	209,226		209,226
Dept of Justice		Edward Byrne Memorial Justice Assist Grant	16.738	2009-DJ-BX-0938		19,720	19,720
Dept of Justice		Edward Byrne Memorial Justice Assist Grant	16.738	2011-DJ-BX-2383		2,855	2,855
Dept of Justice		Edward Byrne Memorial Justice Assist Grant	16.738	Program Income		422	422
				Subtotal	0	22,997	22,997
Dept of Justice		ARRA - Edward Byrne Memorial JAG	16.804	2009-SB-59-0819		47,767	47,767
Dept of Justice		ARRA - Edward Byrne Memorial JAG	16.804	Program Income	0	5,058	5,058
				Subtotal	0	52,825	52,825
US DOT	WA DOT	Highway Planning and Construction	20.205	Henry M Jackson PED	122,507		
US DOT	WA DOT	Highway Planning and Construction	20.205	112th Street Corridor Completion	270,855		
US DOT	WA DOT	Highway Planning and Construction	20.205	East Everett Ped Walkway	20,058		
US DOT	WA DOT	Highway Planning and Construction	20.205	36th St./BNSF Rail Line Non-Moto Cross Imp.	41,276		
US DOT	WA DOT	Highway Planning and Construction	20.205	41st St. Interchange, Broadway to S. 3rd Ave	221		
US DOT	WA DOT	Highway Planning and Construction	20.205	41st St. Interchange, Broadway to S. 3rd Ave	3,594		
US DOT	WA DOT	Highway Planning and Construction	20.205	Shohomish Riverfront Trail	18,076		
US DOT	WA DOT	Highway Planning and Construction	20.205	41st St. to W Marine View Drive Freight Imps	441		
US DOT	WA DOT	Highway Planning and Construction	20.205	W Marine View Drive Non-Motorized	231,203		
US DOT	WA DOT	Highway Planning and Construction	20.205	W Marine View Drive Non-Motorized	168,168		
US DOT	WA DOT	Highway Planning and Construction	20.205	W Marine View Drive Non-Motorized	307,263		
US DOT	WA DOT	ARRA - Highway Planning and Construction	20.205	W Marine View Drive Roadway Ped & Bike Imp	365		
US DOT	WA DOT	ARRA - Highway Planning and Construction	20.205	Holly Drive Non-Motorized IMPS	15,247		
US DOT	WA DOT	ARRA - Highway Planning and Construction	20.205	Holly Drive Non-Motorized IMPS	1,625		
US DOT	WA DOT	Highway Planning and Construction	20.205	City Center Safety Imps, 23rd to 47th Street	2,105		
US DOT	WA DOT	Highway Planning and Construction	20.205	112th Street Ped Safety Improvement	53,666		
US DOT	WA DOT	Highway Planning and Construction	20.205	Broadway Bridge Replacement	643,188		
				Subtotal	1,899,858	0	1,899,858

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

SCHEDULE 16
(Page 2 of 3)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
US DOT		ARRA - Federal Transit Capital Investment Grant	20.500			150,961	
US DOT		ARRA - Federal Transit Capital Investment Grant	20.500		0	19,012	169,973
		Subtotal					169,973
US DOT		Federal Transit-Formula Grants	20.507			11,664	
US DOT		Federal Transit-Formula Grants	20.507			355,107	
US DOT		Federal Transit-Formula Grants	20.507			42,855	
US DOT		Federal Transit-Formula Grants	20.507			293,853	
US DOT		Federal Transit-Formula Grants	20.507			17,091	
US DOT		ARRA - Federal Transit-Formula Grants	20.507		0	161,418	
		Subtotal				881,988	881,988
US DOT	WA Traffic Safety Comm.	State and Comm Highway Safety	20.600		15,320		15,320
Inst of Museum & Lib	WA Library	Grants to States	45.310		13,540		13,540
Inst of Museum & Lib	WA Library	Grants to States	45.310		2,003		2,003
		Subtotal			15,543	0	15,543
EPA	WA Dept of Commerce	Puget Sound Watershed Management Assistance	66.120	T11-63500-002	22,847		22,847
Dept of Energy	WA Dept of Commerce	ARRA - Energy Efficiency and Conservation Block Grant Prg (EECBG)	81.128		64,432		64,432
Dept of Energy	WA Dept of Commerce	ARRA - Energy Efficiency and Conservation Block Grant Prg (EECBG)	81.128			31,500	31,500
Dept of Energy	WA Dept of Commerce	ARRA - Energy Efficiency and Conservation Block Grant Prg (EECBG)	81.128			79,348	79,348
Dept of Energy	WA Dept of Commerce	ARRA - Energy Efficiency and Conservation Block Grant Prg (EECBG)	81.128			274,759	274,759
		Subtotal			64,432	385,607	450,039
Homeland Security	Seattle Police Department	Non-Profit Security Program	97.008		93,528		93,528
Homeland Security	WA Park & Rec Comm	Boating Safety Financial Assistance	97.012		62,132		62,132
Homeland Security	WA Military Department	Emergency Mgt Performance Grant	97.042	EMPG E12-041	6,367		6,367
Homeland Security	WA Military Department	Emergency Mgt Performance Grant	97.042	EMPG E10-249	56,527		56,527
		Subtotal			62,894	0	62,894
Homeland Security	WA Military Department	Pre-Disaster Mitigation	97.047	PDMC E11-135	89,397		89,397
Homeland Security	WA Military Department	Pre-Disaster Mitigation	97.047	PDMC E11-136	69,805		69,805
		Subtotal			159,202	0	159,202
Homeland Security	Seattle Fire Department	Homeland Security Grant Program	97.067	E10-098	28,494		28,494
Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E11-093	29,367		29,367
Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E10-206	25,063		25,063
		Subtotal			82,924	0	82,924
Homeland Security	WA Military Department	Buffer Zone Protection Program (BZPP)	97.078	BZPP E11-244	26,396		26,396
Homeland Security		Electronic Crimes Task Force - Exploited Child Unit	97.999			1,658	1,658
		Subtotal			2,157,596	2,713,335	5,470,931

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

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
For The Year Ended December 31, 2011

SCHEDULE 16
 (Page 3 of 3)

GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	OTHER IDENTIFICATION NUMBER	CURRENT YEAR EXPENDITURES	
WA State Transportation Improvement Board: 112 th St SE, Silver Lake Rd to SR 527	9-P-138(013)-1	362,391	
<u>Total WA State Transportation Improvement Board</u>		<u>362,391</u>	
WA State Department of Transportation: 7th Avenue Ped & Bicycle Safety Project - 2006 Ped & BSP	HLP-PB06(015)	297,234	
Casino Rd & Rucker Ave Ped & Bike Safety Program	HLP-PB09(008)	17,982	
Horizon Elementary School Walk Safety	HLP-SR09(016)	12,953	
W Marine View Drive - 10th St to Everett Avenue	GCA 5540	15,018	
Evergreen Sw ift Stations and TSP	GCA 6129	1,978,287	
Commute Trip Reduction	GCA 6252	50,721	
Paratransit/Special Needs Transit Formula	GCA 6818	143,091	
Transportation Demand Management Implementation	GCA 6899	29,345	
<u>Total WA State Department of Transportation</u>		<u>2,544,631</u>	
WA State Traffic Safety Commission School Zone Equipment Grant	N/A	6,079	Note 4
<u>Total WA State Traffic Safety commission</u>		<u>6,079</u>	
WA State Dept of Commerce Job Economic Development Grant	S10-97101-001	541,127	
<u>Total WA State Dept of Commerce</u>		<u>541,127</u>	
WA State Military Dept Disaster Grant - Storm Drainage	DEWA014	100	
<u>Total WA State Military Dept</u>		<u>100</u>	
WA State Department of Ecology: Stormwater Management Imp. Grant Program	G0900038	4,814	
Local Toxics Control Account	G0900083	996,972	
Former Riverside Saw mill Grant	G1100290	200,000	
Water Quality Program	G1000221	50,000	
Stormwater Retrofit & LID Competitive Grant	G1100274	29,294	
Coordinated Prevention	G1000422	44,258	
<u>Total WA State Department of Ecology</u>		<u>1,325,338</u>	
WA State Dept of Fish and Wildlife NRDA Drainage District #6 Restoration Project	10-1288	100,000	
<u>Total WA State Department of Fish and Wildlife</u>		<u>100,000</u>	
WA State Department of Health: EMS Prehospital Participation Grant	N/A	1,738	Note 4
<u>Total WA State Department of Health</u>		<u>1,738</u>	
WA Association of Sheriffs and Police Chiefs (WASPC) Reg. Sex Offender Verification Program	N/A	97,057	Note 4
<u>Total WA Association of Sheriffs and Police Chiefs (WASPC)</u>		<u>97,057</u>	
WA State Administrative Office of the Courts (AOC) Court Interpreter Service	N/A	4,479	Note 4
<u>Total WA State AOC</u>		<u>4,479</u>	
<u>TOTAL STATE ASSISTANCE</u>		<u>4,982,940</u>	
Snohomish County	A-11-75-04-198	11,000	
Snohomish County	AHTF	250,493	
Snohomish County PUD	N/A	11,366	
Puget Sound Energy	N/A	7,655	
Snohomish County	N/A	347,935	
<u>TOTAL LOCAL ASSISTANCE</u>		<u>628,449</u>	
<u>TOTAL STATE AND LOCAL ASSISTANCE</u>		<u>5,611,389</u>	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE/LOCAL FINANCIAL ASSISTANCE

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

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

NOTE 3 - PROGRAM INCOME

- a) The City has a revolving loan program for low-income housing. Repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants from program income for the year was \$46,616 and is presented in this schedule.
- b) The City earns investment interest on unexpended Edward Byrne Memorial Grant funds. Interest revenue (program income) for the year was \$5,480 and is presented in this schedule.

NOTE 4 - NOT AVAILABLE (N/A)

The City was unable to obtain other identification number.