

City of Port Angeles, Washington

Comprehensive Annual Financial Report

For the Year Ended December 31, 2008



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF PORT ANGELES, WASHINGTON
FOR THE YEAR ENDED DECEMBER 31, 2008**

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Introductory Section

May 15, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Port Angeles:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Port Angeles. This report is for the fiscal year ended December 31, 2008. This report is submitted each year as required by State Law, RCW 43.09.230. The report is prepared according to generally accepted accounting principles (GAAP) for government as established by the Government Accounting Standard Board (GASB). It is audited by the Washington State Auditor's Office.

The City's Finance Department prepared this report. This report consists of management's representation concerning the finances of the City of Port Angeles. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly present the financial position and results of operation of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a complete understanding of the City of Port Angeles' financial activities have been included. To provide a reasonable basis for making these representations, management of the City of Port Angeles 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 of Port Angeles' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Port Angeles' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

This report is presented in three sections: introductory, financial, and statistical. The **introductory section** includes this transmittal letter, the GFOA Certificate of Achievement, an organizational chart, and a list of principal City officials. The **financial section** includes the Independent Auditor's Report completed by the Washington State Auditor, Management's Discussion and Analysis, Basic Financial Statements including the Notes to the Financial Statements, and Other Supplementary Information. The **statistical section**, which is unaudited, includes financial, demographic and economic, and operating information.

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

Profile of the Government

The City of Port Angeles incorporated on June 11, 1890. Port Angeles has a council-manager form of government, which is administered by a seven-member City Council under the Constitution and laws of the State of Washington. The Council is composed of a mayor and six council members. All positions are “at-large” positions, which are nominated and elected citywide. Council member positions are for a term of four years, with overlapping terms to provide for the election of three or four new council members every two years. The mayor is the presiding officer of the council, and is elected from the council to a two-year term. The City is classified as “Code City” under the laws of the State of Washington. The Council appoints a City Manager, which is the chief executive officer of the City, and is responsible for carrying out the policy and direction set by the City Council. The City Manager is responsible to the Council for the administration of all departments of the City.

The City of Port Angeles provides a full range of municipal services, including fire and police protection, emergency medical services, parks and recreation facilities, planning and zoning, street maintenance and construction, engineering and general administrative services. The City of Port Angeles operates enterprise funds for electric, conservation, water, wastewater, solid waste collection, solid waste transfer station/landfill, stormwater, and Medic I.

Port Angeles is the largest city on the North Olympic Peninsula. The City is a major gateway to the Olympic National Park and Vancouver Island, Canada. Accessible by auto, bus, plane or ferry, Port Angeles is headquarters to Olympic National Park. It is a few minutes away from spectacular Hurricane Ridge, starting point for Olympic hikes and a popular winter playground. Port Angeles is the terminal for year round ferry service across the Strait of Juan de Fuca to Victoria, B.C., Canada. Ediz Hook forms a protective harbor offering excellent anchorage for large vessels, with excellent fishing, crabbing and shrimping in the immediate area. Visitors enjoy the downtown waterfront, Clallam County Historical Society Museum located at the newly renovated Carnegie Library, Esther Webster Fine Arts Center, Arthur D. Fiero Marine Laboratory, the City Pier, and many more facilities and parks.

Located in the City’s 10.7 square miles, with an additional 3.7 square miles of harbor, are 22 parks. Each has a variety of sport facilities, including a swimming pool, basketball courts, football and soccer fields, and Little League and Babe Ruth baseball fields. Also within the City is the Waterfront Trail with over five miles of paved trail, used by bikers and walkers from Ediz Hook to the former Rayonier Mill site.

Factors Affecting Financial Condition

Information presented in the financial statements is best considered in the broader context of the economic environment in Port Angeles and the surrounding area.

Local Economy

The year 2008 witnessed a downturn in the economy which affected many of the City’s revenue sources. Sales tax revenue, which is very sensitive in terms of economic conditions and consumer confidence, decreased 4.6% from 2007 levels. Prior to 2008, sales tax revenue had increased every year since 1999. However, 2008 marked a turning point and it is predicted that sales tax will continue to decline into the foreseeable future.

Property taxes increased 2% over 2007 levels, a modest increase mainly related to new construction in the City. Utility taxes also realized a 3.5% increase in 2008. The majority of this increase is attributed to tax rate increases in water and wastewater.

The City's economic climate has traditionally supported a very high level of residential and commercial construction activities, although 2008 saw a 25% decline in the number of building permits issued. This resulted in community development revenues coming in 15% below budget.

Unemployment in Clallam County has increased steadily over the past year, ending 2008 with an unemployment rate of 7.5%. This is significantly higher than the state average of 5.2%. Local unemployment levels are a result of the closure of lumber mills in the City and surrounding areas, as well as downsizing and closure of several local businesses.

In an effort to expand our employment and tax base, the City and Port of Port Angeles jointly established the Port Angeles Harborworks Public Development Authority (PDA) in 2008. The purpose of the PDA is to assist in the clean-up efforts at the former Rayonier mill site, as well as focus on re-development of the prime waterfront property. The City provided the PDA with a \$150,000 loan as start-up assistance until the PDA can begin applying for grants to assist with property clean-up. It is the goal of the City to have this prime piece of waterfront property available for development in an effort to boost the struggling economy in this community.

At the end of 2008, the City Council voted to stop funding the William Shore Memorial Pool as of March 31, 2009 in an effort to save General Fund resources. Nearly \$350,000 was spent from the General Fund on pool operations in 2008. The community formed a group to raise money to save the pool, and a special election is set for May 2009 to form a Metropolitan Park District to operate the pool in the future. The community has since raised enough funds to keep the pool open until June 15, 2009.

The largest employer in Port Angeles continues to be Olympic Medical Center with over 1,000 full and part-time employees. OMC is a publicly owned hospital with clinics throughout the Port Angeles area. Education is the second highest employer group in Port Angeles with Peninsula College employing 485 and Port Angeles School District employing 475.

Port Angeles is a major international tourist route. The Olympic National Park draws over three million visitors a year. There are two ferry terminals with service to Victoria, B.C. on Vancouver Island, Canada, which carry approximately 500,000 passengers per year. Combined with the local freshwater and ocean sport fishing, these attractions bring in a steady flow of tourists to the City.

Growth in the retirement community has been continuing, and tourism remains fairly steady. The City, with its emphasis on economic development, continues to work on attracting industries to relocate to Port Angeles, and growth in existing industries contribute to a growing economy.

Financial Information

The annual budget serves as the foundation for the City of Port Angeles' financial planning and control. The City prepares cash and disbursement-based budgets in accordance with RCW 35A.34. All departments of the City of Port Angeles are required to submit requests for appropriation to the City Manager by the end of August. The City Manager uses this information in the formation of the budget

presented to the Council. The preliminary budget is completed in October, and public meetings to discuss the budget are held in November and the first week of December, with the final budget approved by December 31. Once approved, the budget becomes the defining document for expenditures and revenues for the coming year. If changes are made to the budget, special approval is required by City Council. Budget to actual comparisons are presented for all governmental funds with the exception of the Contingency Fund, LID Control Fund and Cemetery Endowment Fund as there are no annual budgets adopted for those funds.

Project-length budgets are prepared for the capital project funds. A Capital Facilities Plan (CFP) is prepared annually in accordance with the requirements of the Washington State Growth Management Act (GMA) and defines the long-term capital plan of the City while each specific project is appropriated through the budget.

Certain funds, such as custodial agency funds, are not budgeted on an annual basis. Funds are legally appropriated at the fund level. After adoption of the budget, fund increases or decreases are authorized by the City Council. These changes are shown in the amended budget in Note 3.

Auditing of City Finances

State law requires audits for cities such as Port Angeles to be conducted by the Office of the State Auditor. In addition to meeting state requirements, the audit must meet the requirements of the Federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996, which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the city, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the city's accounts and reports. The audit report is contained in the Financial Section of this document.

Long-term Financial Planning

Grant money was obtained in 2008 to replace the 8th Street bridges. Construction of this multi-year project began in 2007 and will continue into early 2009. Eighth Street is a main thoroughfare in the City and the bridges represent one of only three bypasses of the Valley and Ennis Creek gullies. These critical spans will cost upward of \$24 million to replace.

The City of Port Angeles has set up long-term reviews for financial planning and a six-year forecast for capital facility projects. Each year, the City meets to amend and revise these two important planning documents; this ensures proactive steps are taken on long range planning. Revenues adequately cover planned expenditures by using this method. In addition, the City carries reserves for vehicle purchases, rate stabilization for utilities, landfill post-closure, and general-purpose reserves. Through the end of 2008, the City of Port Angeles is fully funded in each of these areas.

The City of Port Angeles has a financial policy that allows for the moving of all surplus budget monies from the current year to the next year's capital improvement funds. The City takes a conservative approach to financing and long-term debt, ensuring a fiscally sound environment.

Major Accomplishments

The City of Port Angeles is proud of its many accomplishments during 2008, which include the following:

Governmental projects

- **Sidewalk Project** – In 2008, the City spent \$75,000 to install sidewalks along Rook Street and at the County Courthouse in conjunction with development in those neighborhoods as part of the NICE Program.
- **Senior Center Expansion** – Just over \$230,000 was spent to remodel and expand the Senior Center, including 1,792 additional square feet for an expanded lounge, new restroom, and computer lab.
- **Waterfront Trail** – The Lodging Tax Fund spent \$93,000 to expand the Olympic Discovery Trail.
- **Ediz Hook Piling Replacement** – The creosoted pilings at the Ediz Hook Boat Launch were replaced in 2008 due to Department of Ecology requirements.

Business-type projects

- **Cable Replacement** – The Electric Fund replaced a total of 6,500 feet of electric distribution cable, including 3,000 at Canyon Edge Subdivision, 2,000 at Crabapple Road, and 1,500 at the Plaza Mall.
- **Leasehold Improvements** – The Electric Division leased a new facility and made improvements to the building for electric operations, staging, and warehousing.
- **Water Line Replacements** – Each year the Water Utility funds the replacement of water lines that are past their life expectancy in order to eliminate costly water leaks from the system.

Other Accomplishments

- PenCom handled over 209,000 calls in 2008, including 10,500 Fire/EMS calls and 36,500 law enforcement calls.
- Volunteers for the Police Department continued their support of City of Port Angeles functions by volunteering 6,272 hours.
- The Fire Department handled an average of just under 10 calls per day. This is a slight decrease from the 2007 level of 10.2 calls per day.

Cash Management Policies and Practices

Cash was invested only in securities authorized by State law; primarily purchases of certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Pool. All cash related transactions for the City of Port Angeles are administered by the Finance Department. City cash is deposited into

a single consolidated banking account. Cash expenditures are paid from a consolidated disbursement account. Investments of temporarily idle cash are made according to the City's investment policy, which states, "The primary objectives of investment activities are safety, liquidity, and yield." A report of the performance of the investment portfolio in meeting these objectives is prepared quarterly for review by the City Council.

The market value of investments held in the combined portfolio under the direct supervision of the Finance Department, as of December 31, 2008, was \$68,142,824 and \$857,723 in Fiduciary and Agency Funds. See Note 4 for further details on the investment portfolio and returns on investments.

Risk Management

The City's Human Resources Division develops and implements risk management policies and programs to establish a clearly defined risk management structure. The City continues to be self-insured for auto liability, general liability, and property damage up to \$500,000 per occurrence. For occurrences over \$500,000, the City purchases re-insurance through WCIA, an insurance pool of Washington cities and special districts. The City is self-insured for workers' compensation. The Self-Insurance Fund has \$1,045,577 in net assets for potential loss including \$125,000 restricted for workers' compensation. Note 8 provides additional information regarding the City's risk management.

Pension and Post-employment Benefits

Substantially, all City of Port Angeles 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 City of Port Angeles has no obligation in connection with employee benefits offered by this plan beyond its annual contractual payment to the State Retirement System.

The City provides retirement through the Public Employees Retirement System (PERS). PERS is a cost sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefits plans and Plan 3 is a defined benefit plan with a defined contribution component. The City and its employees contributed \$741,736 into PERS Plans 1, 2, and 3 in 2008.

Additionally, the City provides retirement through the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF). LEOFF is a cost-sharing multiple employer retirement system comprised of two separate defined benefit plans. Membership includes all full-time and fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees. The City of Port Angeles and its employees contributed \$215,294 into LEOFF Plans 1 and 2 in 2008.

Firemen's Pension is administered by the City of Port Angeles as a closed single employer defined benefit plan. This is shown as a trust fund within the financial reports. An actuarial study of this plan was completed in January 2009 by the City's Finance Dept. which indicated the Firemen's Pension Fund is actuarially sound.

Volunteer Fire Fighter's Relief and Pension System is a cost-sharing multiple employer retirement system created by Legislature in 1945. Membership requires service with a fire department of an electing municipality of Washington State. The system is funded through employer contributions of \$60 per year, plus \$30 for disability. Members do not earn interest on their contributions, but may withdraw them upon termination.

Awards and Acknowledgments

The City of Port Angeles is the recipient of several awards. Awards presented in 2008 include:

- The GFOA Distinguished Budget Presentation Award, for the 2008 Budget
- The GFOA Certificate of Achievement for Excellence in Financial Reporting for the 2007 Comprehensive Annual Financial Report (CAFR)

Acknowledgments:

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for its unfailing support in maintaining the highest standards of professionalism in the management of the City of Port Angeles' finances.

Respectfully submitted,



Yvonne Ziomkowski
Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Port Angeles
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

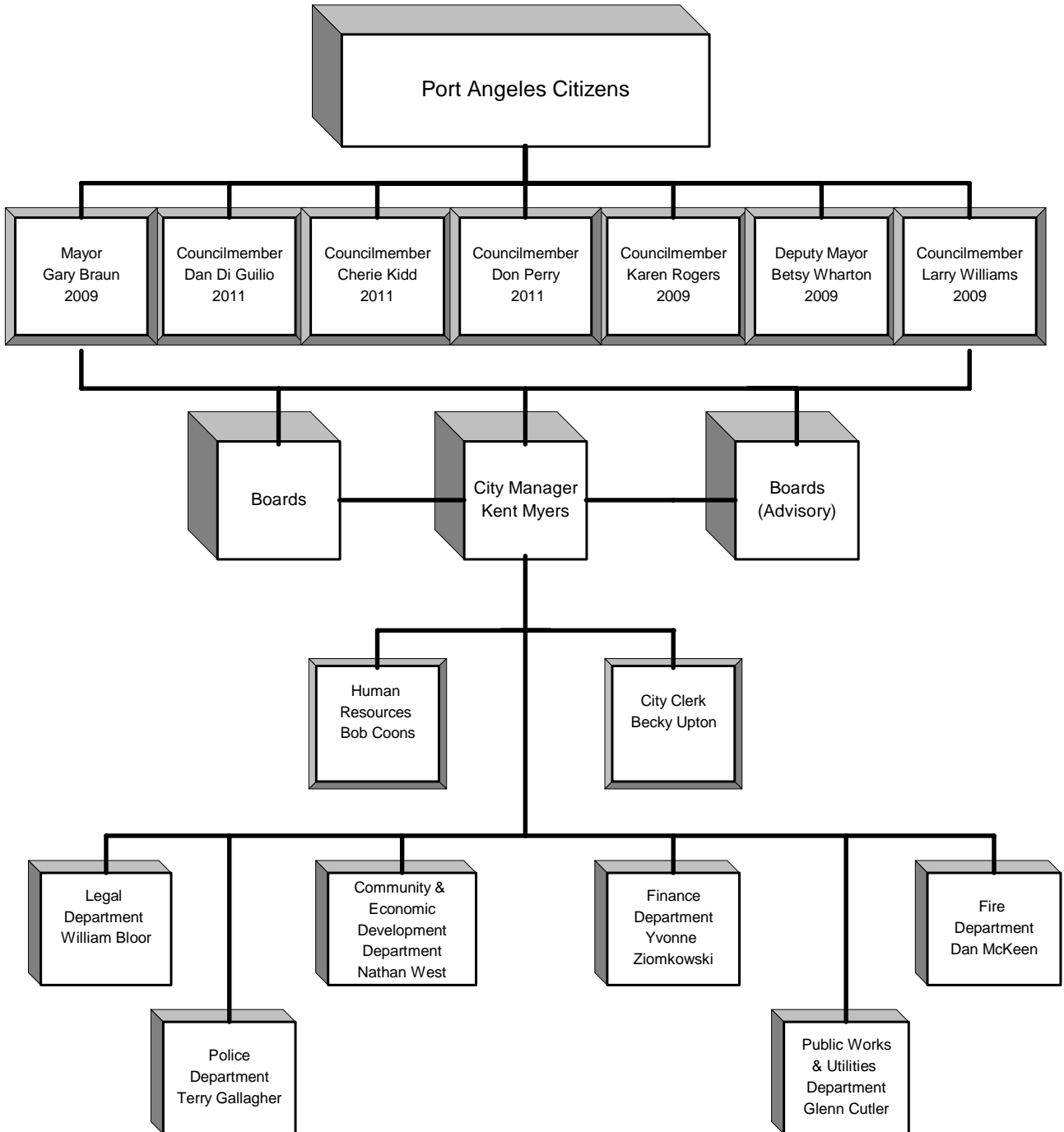
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Port Angeles **2008**



City Officials

Gary Braun
Mayor
Term Expires: 2009

Don Perry
Councilmember
Term Expires: 2011

Betsy Wharton
Deputy Mayor
Term Expires: 2009

Karen Rogers
Councilmember
Term Expires: 2009

Dan Di Giulio
Councilmember
Term Expires: 2011

Larry Williams
Councilmember
Term Expires: 2009

Cherie Kidd
Councilmember
Term Expires: 2011

City Staff

City Manager: Kent Myers

City Attorney William Bloor
Community & Economic Development Nathan West
Finance Director Yvonne Ziomkowski
Fire Chief Dan McKeen
Police Chief Terry Gallagher
Public Works & Utilities Director Glenn Cutler

Financial Section

Management's Discussion and Analysis

The discussion and analysis of the City of Port Angeles' financial performance provides an overview of the City's financial activities for the year ended December 31, 2008.

It is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the City's financial activity;
3. Identify changes in the City's financial position (its ability to address the next and subsequent year challenges);
4. Identify any material deviations from the financial plan, the adopted budget; and,
5. Identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the report year's activities, resulting changes and currently known facts, it is recommended it be read in conjunction with the financial statements found in the basic financial statement section.

FINANCIAL INFORMATION

The City's government-wide financial statements have been prepared on the full-accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The City's financial statements for governmental funds (General, Special Revenue, Debt Service, Capital Projects and Permanent Funds) have been prepared on the modified accrual basis in conformity with GAAP. The City's proprietary funds (Enterprise and Internal Services) and fiduciary funds (Trust and Agency) are accounted for on the accrual basis.

FINANCIAL HIGHLIGHTS

- The assets of the City of Port Angeles exceeded its liabilities at December 31, 2008 by \$193.0 million. Of this amount, \$56.7 million is unrestricted and therefore may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$5.1 million (10%) in unrestricted net assets from 2007 due to a change in how the city classified restricted assets. In previous years, the City used the "restricted-expendable" classification for vehicle replacements, although this was moved to unrestricted in 2008 as there is no legal obligation to restrict this cash.
- The city's total net assets increased by \$18.0 million from nearly \$175.0 million to \$193.0 million over the prior year. This is an increase of 10.3% in net assets. Total assets increased by \$18.5 million (8%), from \$231.4 million to \$249.9 million, while total liabilities increased slightly from 2007, up approximately \$500,000 to \$56.9 million.
- In 2007, the City of Port Angeles began construction of the Gateway International Transportation project in the downtown corridor. This project, which is a joint effort between the City and Clallam Transit Systems (CTS), is expected to be completed in Spring 2009. Since Federal Transit Administration (FTA) grants were awarded to CTS for this multi-modal transit facility, CTS will be the owner of the facility upon completion. However, the City has agreed to provide sidewalks, streets, signal lights and signage for the Gateway project, and these components are the only portion of the project that the City will own. Overall, the City's contribution towards

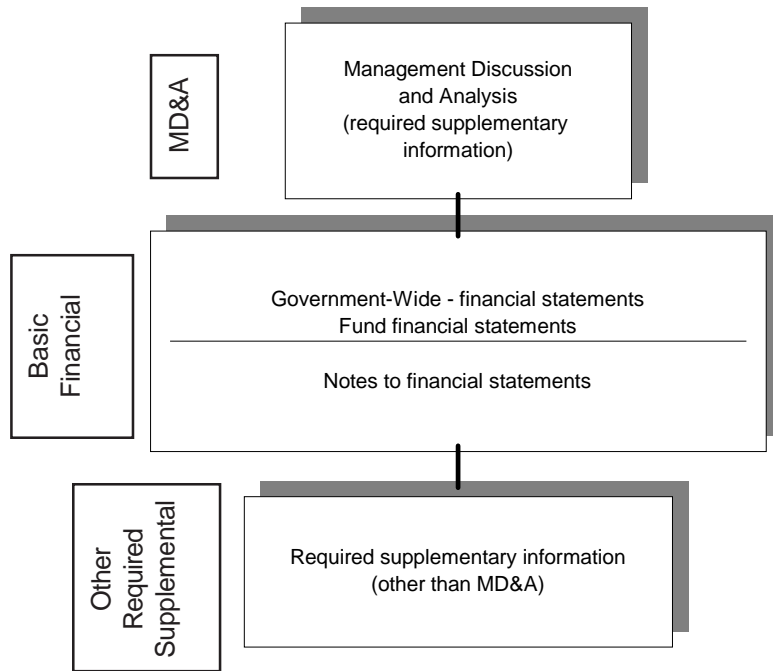
this project through 2008 was nearly \$6.5 million. Since CTS is going to capitalize the entire project, the City's contribution was reclassified in 2008 from construction in progress to a contribution to another government. The remaining construction in progress (\$929,000) is related to the components the City will actually own.

- Net capital assets of \$169.7 million increased by \$13.8 million, or 8.8% over 2007. Two major governmental projects are underway and expected to wrap up by early 2009 — 8th Street Bridges reconstruction (\$23.3 million in construction in progress) and the Gateway International Transportation project. Construction in progress in business-type activities is related to large water and sewer main projects including the Eastern Urban Growth Area sewer main extension (\$5.8 million), Downtown Watermain III (\$2.7 million), and Combined Sewer Overflow (CSO) Phase I (\$1.5 million).
- Ending fund balance in the General Fund was \$4.4 million or approximately 29% of General Fund expenditures (excluding transfers). Of that amount, just over \$610,000 was designated for compensated absences, leaving just under \$3.8 million as undesignated and unreserved (25% of total General Fund expenditures). Although revenues came in \$353,000 higher than budget, and expenditures ended the year \$734,000 below budget, fund balance decreased by \$550,000 (11%). This was the result of one-time capital transfers of \$1.2 million for the 8th Street Bridges and \$500,000 for the Gateway project. These transfers were not in the original budget, but were included in the final 2008 budget. It is the City's policy to use savings from the previous years budget for capital projects. These savings are added to the current year's budget during the amendment process.
- In 2008, the City and Port of Port Angeles jointly established the Port Angeles Harborworks Public Development Authority (PDA). The purpose of the PDA is to assist in the clean-up efforts at the former Rayonier Mill site, as well as focus on re-development of the prime waterfront property. The City has reported the financial activities of the PDA as a discretely presented component unit on the government-wide financial statements.
- At the close of fiscal year 2008, the City's governmental funds reported total ending fund balances of \$28.0 million, a decrease of \$839,000 (3%) over 2007. As reported on the Governmental Funds Balance Sheet, approximately \$2.2 million of the fund balance is "reserved" including \$250,000 for contingencies, just over \$1.0 million for debt service, and \$935,000 for other purposes related to permanent funds.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the City of Port Angeles' basic financial statements. The City of Port Angeles' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial statements focus on both the City as a whole (government-wide) and on major individual funds. Both perspectives allow the user to address relevant questions, broadens a basis for annual



comparisons or comparability with other governments, and enhances the City's accountability. A graphic is provided to illustrate the composition of the reports.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Port Angeles' finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases

in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Port Angeles that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Port Angeles include general government, public safety, utilities and environment, transportation, economic development, and culture and recreation. The business-type activities of the City include electric, conservation, water, wastewater, solid waste collection, solid waste transfer station/landfill, stormwater, and Medic I utilities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds rather than types. A Major Fund is defined in the following manner:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (that is, total governmental or total enterprise funds); and

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise fund, are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- c. Any other governmental or enterprise fund the government's officials believe is particularly important to financial statement users.

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

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

Proprietary Funds. The City of Port Angeles maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, electric conservation, water, wastewater, solid waste collection, solid waste transfer station, stormwater and Medic I utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the City's equipment replacement and fleet services, computer services, and self-insurance.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in government-wide financial statements because the resources of those funds are not available for support of the City of Port Angeles' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fund financial statements also allow the government to address its permanent funds and responsibilities. Agency funds do not represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

Reconciliation. The total column on the business-type fund financial statements (see basic financial statement section) has been reconciled to the business-type column on the government-wide financial statements (an adjustment has been made to eliminate internal service type activities.) The governmental major funds total column required reconciliation because of the difference in measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column (in the government-wide statements).

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The overall financial position has improved for the City of Port Angeles as compared to the prior year. An analysis of the Statement of Net Assets and Statement of Activities follows:

Statement of Net Assets

The Statement of Net Assets looks at the City as a whole. The following table reflects the condensed Statement of Net Assets compared to the prior year.

Table 1
Statement of Net Assets (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 39,587.9	\$ 40,676.6	\$ 40,676.8	\$ 34,834.0	\$ 80,264.7	\$ 75,510.6
Capital assets, net	78,849.8	67,432.2	90,822.5	88,474.7	169,672.3	155,906.9
Total assets	118,437.7	108,108.8	131,499.3	123,308.7	249,937.0	231,417.5
Other liabilities	4,321.9	4,917.5	5,192.6	5,785.5	9,514.4	10,703.0
Long-term liabilities	10,342.2	10,133.5	37,066.6	35,593.9	47,408.8	45,727.4
Total liabilities	14,664.1	15,051.0	42,259.1	41,379.4	56,923.2	56,430.4
Net assets						
Invested in capital, net of debt	70,559.4	58,268.2	58,094.9	56,981.6	128,654.3	115,249.8
Restricted expendable	1,765.3	6,795.5	5,344.0	666.9	7,109.3	7,462.4
Restricted nonexpendable	576.7	672.0	-	-	576.7	672.0
Unrestricted	30,872.2	27,322.1	25,801.3	24,280.9	56,673.5	51,603.0
Total net assets	\$ 103,773.6	\$ 93,057.8	\$ 89,240.2	\$ 81,929.3	\$ 193,013.8	\$ 174,987.1

Normal Impacts

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

1. Net results of activities - which will impact (increase/decrease) current assets and unrestricted net assets.
2. Borrowing for capital - which will increase current assets and long-term debt.
3. Spending borrowed proceeds on new capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt, which will not change the investment in capital assets, net of debt.
4. Principal payment on debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase investment in capital assets, net of debt.
5. Reduction of capital assets through depreciation - which will reduce capital assets and investment in capital assets, net of debt.

Governmental Activities:

- Net capital assets increased by nearly 17% from \$67.4 million to \$78.8 million. This is a result of the \$12.2 million increase in construction in progress for the 8th Street Bridges and Gateway construction projects. Significant additions in capital assets are discussed within the Notes to the Financial Statements (Note 6).
- In addition to the capital assets required to provide the various services of the City, additional resources are maintained that are intended to provide a cushion against significant downturns in revenues and to maintain sufficient working capital and cash flow to meet daily financial needs. Other reserves have been designated by management to address annual budget amendments, furniture and equipment replacement, major building repairs, infrastructure improvements, and future facilities.
- The net decrease in long-term debt (borrowing for capital) was \$873,000, a 9.5% decrease from \$9.2 million to \$8.3. Long-term debt payable and changes in long-term debt are discussed in detail within the Notes to the Financial Statements (Note 10).

Business-type Activities:

- Capital assets (net of depreciation) increased by 2.6% from nearly \$88.5 million to \$90.8 million. This is primarily due to a \$3.6 million increase in construction in progress. Significant additions in capital assets are discussed under the Capital Assets and Debt Administration section of the MD&A and within the Notes to the Financial Statements (Note 6).
- The net increase in long-term debt (borrowing for capital) was \$1.2 million, a 3.7% increase from the 2007 level of \$31.5 million. The increase is due to \$2.8 million in draws against public works trust fund loans for Water and Wastewater capital projects. Long term debt is discussed in detail in the Notes to the Financial Statements (Note 10).

Statement of Activities

The Statement of Activities, the second city-wide statement, provides a schedule of revenues and expenses for the year 2008.

Normal Impacts on Revenues

1. Economic condition - various indicators can reflect a declining, stable, or growing economic environment and can have a substantial impact on property, sales, gas or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

2. Increase/decrease in Council approved rates - while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (electric, water, wastewater, solid waste collections, solid waste transfer station, stormwater, permitting, recreational user fees, etc.).
3. Increase/decrease in voter approved rates – In 2001, Washington State voters approved Initiative 747 which limited increases in property tax levy amounts to 1% of the prior year's levy (excluding adjustments for new construction). Although the initiative was ruled unconstitutional by the Washington State Supreme Court, it was reinstated by the Washington State Legislature in late 2007.
4. Changing patterns in intergovernmental and grant revenues (both recurring and non-recurring) - certain recurring revenues (state revenue sharing, block grants, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
5. Market impacts on investment income - the City's investment portfolio is dependent on the performance of the market, in addition to performance of the Local Government Investment Pool (LGIP) managed by the State Treasurer's Office. Other funds are placed with local financial institutions and with U. S. backed securities. All investment avenues are subject to market conditions that may cause investment income to fluctuate.

Normal Impacts on Expenses

- Changes in services - within the functional expense categories (general government, public safety, transportation, etc.), individual programs may be added or deleted to meet changing community needs and budget restrictions.
- Changes in personnel - changes in service demand may cause the Council to increase or decrease authorized staffing.
- Salary and benefit increases (cost of living, merit increases, union contracts, medical insurance) - all of these factors affect expenses.
- Inflation - the cost of goods and services provided to the City may experience increases due to inflation.

The following schedule compares the revenues and expenses for the current and previous fiscal year:

City of Port Angeles

Table 2
Changes in Net Assets (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for services	7,692.7	9,361.8	51,120.8	49,266.8	58,813.5	58,628.6
Operating grants and contributions	3,163.5	202.6	104.6	304.4	3,268.1	507.0
Capital grants and contributions	13,479.5	7,876.2	2,072.9	4,600.3	15,552.4	12,476.5
General Revenues:						
Property taxes	4,538.3	4,451.3	-	-	4,538.3	4,451.3
Sales and use taxes	5,028.6	4,758.5	-	-	5,028.6	4,758.5
Utility taxes	2,742.6	3,676.4	-	-	2,742.6	3,676.4
Telephone tax	670.1	447.7	-	-	670.1	447.7
Real estate excise tax	216.3	590.8	-	-	216.3	590.8
Other taxes	345.5	293.3	-	-	345.5	293.3
Interest and investment earnings	1,708.1	792.2	1,594.6	1,350.4	3,302.7	2,142.6
Gain on Sale of Capital Assets	63.8	-	776.7	-	840.5	-
Miscellaneous	-	132.2	-	-	-	132.2
Total revenues	39,649.0	32,583.2	55,669.7	55,521.9	95,318.7	88,105.1
Program expenses including indirect expenses:						
General government	4,718.8	4,615.6	-	-	4,718.8	4,615.6
Public safety	8,968.2	8,333.4	-	-	8,968.2	8,333.4
Utilities and environment	1,758.3	1,763.8	-	-	1,758.3	1,763.8
Transportation	8,558.5	2,612.8	-	-	8,558.5	2,612.8
Economic environment	2,067.9	1,047.9	-	-	2,067.9	1,047.9
Culture and recreation	2,856.1	2,833.5	-	-	2,856.1	2,833.5
Interest & long-term debt	354.1	377.9	-	-	354.1	377.9
Electric utility	-	-	29,267.3	29,029.4	29,267.3	29,029.4
Water utility	-	-	4,142.9	3,686.4	4,142.9	3,686.4
Wastewater utility	-	-	4,534.5	4,203.0	4,534.5	4,203.0
Solid Waste Collection utility	-	-	2,996.1	2,950.1	2,996.1	2,950.1
Solid Waste Tfr Station/Landfill utility	-	-	6,058.8	5,259.4	6,058.8	5,259.4
Stormwater utility	-	-	385.2	117.8	385.2	117.8
Conservation Utility	-	-	329.7	-	329.7	-
Medic 1 utility	-	-	1,347.2	1,282.6	1,347.2	1,282.6
Total expenses	29,281.8	21,584.9	49,061.7	46,528.7	78,343.5	68,113.7
Increase in net assets before transfers and extraordinary items	10,367.2	10,998.3	6,608.0	8,993.2	16,975.2	19,991.4
Transfers	348.6	128.1	(348.6)	(128.1)	-	(0.0)
Extraordinary items	-	7,980.0	1,051.6	-	1,051.6	7,980.0
Change in net assets	10,715.9	19,106.4	7,310.9	8,865.1	18,026.8	27,971.4
Prior period adjustment		88.4		(88.4)	-	-
Net assets - beginning	93,057.8	73,863.0	81,929.3	73,152.7	174,987.1	147,015.7
Net assets - ending	103,773.6	93,057.8	89,240.2	81,929.3	193,013.9	174,987.1

Governmental Activities:

- Net asset value of \$103.8 million increased by \$10.7 million (11.5%) when compared to 2007. The change in net assets of \$10.7 million (revenues over expenditures) decreased by \$8.4 million mostly due to the one-time receipt of \$7.98 million from the legal settlement with the State in 2007.
- Taxes, representing 34% of governmental activities revenue, decreased \$677,000 to \$13.5 million. This 5% decrease from 2007 levels was due to a \$1.26 million reversal of 2007 accruals combined with only \$644,000 in new accrued taxes receivable (for a net reduction of \$612,000 in accrued taxes receivable).

- Governmental capital grants and contributions of nearly \$13.5 million increased by \$5.6 million in 2008 mainly due to the receipt of over \$12.5 million in Federal Highway Administration grants for the 8th Street Bridges construction project.
- Total governmental expenses increased \$7.7 million to \$29.3 million, a 36% increase. The increase in expenditures can be attributed to the major construction on the 8th Street Bridges and Gateway capital projects. In addition, there were increases in personnel salaries, benefits, and retirement payouts.

Business-type Activities:

- Revenues related to charges for services increased approximately \$1.8 million from \$49.3 million to \$51.1 million due to rate increases in water, wastewater and stormwater utilities, as well as a \$3.0 million settlement from Bonneville Power Administration (BPA). The settlement was the result of a class action lawsuit against BPA for incorrect rates charged from 2005-2007. The City refunded just under \$2 million of this settlement to the largest industrial ratepayer, Nippon Paper Industries, in 2008. The net amount of the settlement is shown on the financial statements as an extraordinary item in the amount of just over \$1 million.
- Operating grants and contributions decreased \$200,000 due to the elimination of Department of Military grants in the electric utility and a reduction in recycling grants in Solid Waste Collection utility.
- Capital grants and contributions decreased by \$2.5 million due to the nearly \$2.2 million decrease in contributions from Clallam County in the wastewater utility for the Eastern UGA sewer project. In addition, the solid waste transfer station/landfill utility experienced a \$340,000 decline in capital grants and contributions due to the reduction of Federal funding from the National Park Service in 2008 for the Elwha mitigation project.
- Business-type expenses of \$49 million increased by \$2.5 million due to the Downtown Watermain Phase III construction project in the water utility and the Combined Sewer Overflow (CSO) Phase I project in the wastewater utility. In addition, expenses in the solid waste transfer station/landfill fund increased due to the Landfill Shoreline Stabilization project and landfill postclosure project.

FINANCIAL ANALYSIS OF CITY FUNDS

Governmental Funds

The governmental funds, as presented on the balance sheet in the basic financial statement section, reported a combined fund balance of \$28.0 million, which is \$839,000 or 2.9% lower than the beginning of the year.

The major governmental funds are as follows:

General Fund:

- Total assets of \$5.5 million decreased \$300,000 (5%) due to an increase in transfers out for the Gateway, 8th Street Bridges, and chip sealing capital projects (total project transfers of \$1.85 million).

- Ending fund balance is \$4.4 million, a decrease of \$550,000 over 2007. Over 86% of this amount (\$3.8 million) constitutes unreserved, undesignated fund balance. The remainder of the fund balance (\$610,000) is designated for compensated absences. The decrease in fund balance is due to the planned support for the Gateway and 8th Street Bridges capital projects.

Capital Improvement Fund:

- Total assets of \$941,000 decreased from nearly \$2.9 million in 2007 (a reduction of \$1.9 million or 67%). This is primarily due to Gateway contributions of \$6.5 million in 2008.

8th Street Bridges Reconstruction Fund:

- Revenues in this fund were nearly \$12.6 million in 2008, up almost \$5.2 million from 2007. This revenue was all related to a Federal BRAC grant.

Business-Type Funds (Enterprise Funds)

City of Port Angeles enterprise operations are comprised of electric, conservation, water, wastewater, solid waste collection, solid waste transfer station/landfill, stormwater, and medic I utilities. The most significant issue affecting these funds has been to ensure that they operate as self-supporting funds (except medic I which receives General Fund support) and maintain adequate cash balances to cover operating costs, debt service, and capital repairs and replacement.

The major enterprise funds are as follows:

Electric Utility

- The electric utility was split into two funds in 2008 – the electric utility and the conservation fund. Previously the conservation program was reported as a division within the electric utility fund. A transfer of approximately \$1.2 million was made from the electric fund to establish the conservation fund in 2008.
- Cash balances in the electric utility fund, including restricted cash, doubled from 2007 levels, from \$3.1 million to \$6.3 million. This is after the adjustment was made to remove cash related to the conservation utility. The primary reason for the increase was a \$3.0 million settlement from the Bonneville Power Administration (BPA) related to overcharged rates of electric power from 2005-2007.

Water Utility

- During 2008, the City continued to replace watermains in the downtown area. This project was funded mostly by Public Works Trust Fund loans. The Downtown Watermain III project, along with the Elwha Mitigation project, increased construction in progress from \$1.3 million to nearly \$3.0 million.

Wastewater Utility

- Total assets increased nearly \$4.5 million (10%) to \$47.5 million primarily due to two major capital construction projects in progress. The combined sewer overflow project is a State-mandated project aimed at reducing the City's combined sewer overflows. In addition, the City is also continuing to extend sewer services to the Eastern Urban Growth Area (EUGA). This project is funded by Clallam County (a \$1.4 million capital contribution was made by the County in 2008), and is managed and maintained by the City.
- Residential wastewater rates increased 5.3% and CSO rates increased 37% effective January 1, 2008. This resulted in a \$780,000 (15%) increase in operating revenue to nearly \$6.0 million in 2008.

Solid Waste Transfer Station/Landfill Utility

- The solid waste transfer station/landfill utility ended 2008 with nearly \$3.8 million in reserves for landfill post-closure care, along with \$2.7 million in operating cash and cash equivalents. Despite a rate increase effective January 1, 2008, the solid waste transfer station/landfill fund experienced a \$320,000 operating loss in 2008. This resulted from an increase in operating costs related to the operation of the transfer station and moderate risk waste facility combined with a reduction in operating revenues of approximately \$100,000 from 2007.

The City as Trustee

Reporting the City of Port Angeles' Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its Firemen's Pension Fund. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets in the Financial Section. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Budgetary Highlights

The following is a brief review of the budgeting changes from the adopted to the amended final budget and from the final amended budget to actual for the General Fund. Please note budget to actual comparisons are also included for non-major governmental funds in the combining statements section.

Revenues in the General Fund totaled just over \$17.3 million, which is \$352,000 higher than the final budget. Tax revenues, which comprise 63% of the General Fund budget and include property, sales and use, utility, telephone, leasehold, and gambling taxes, were \$320,000 higher than the final budget. This increase was related to higher than anticipated telephone tax and gambling tax revenue. In addition,

City of Port Angeles

revenue increases in the General Fund are also the result of \$109,000 in higher than budgeted investment earnings, mainly associated with the gain on investments under GASB 31 reporting.

Expenditures totaled \$15.3 million in the General Fund, excluding transfers out. This is \$734,000 (4.6%) less than the final budget. The lower than budgeted expenditures were partially a result of vacant positions either not being filled or being filled internally, thereby saving on personnel costs. In addition, City staff was directed to control spending as a precaution due to the decline of the overall economy and the uncertainty of future city revenues.

Capital Assets and Debt Administration

Capital Assets

The City of Port Angeles' investments in capital assets for its governmental and business-type activities as of December 31, 2008, amount to \$169.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant in service, park facilities, and streets.

The following table shows the City's capital assets as of December 31 for the previous two years.

Capital Assets
(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 12,464.1	\$ 12,464.1	\$ 1,136.4	\$ 1,136.4	\$ 13,600.5	\$ 13,600.5
Buildings	11,271.3	11,212.9	1,434.7	1,137.0	12,706.0	12,349.9
Improvements	4,411.3	4,669.2	37,846.3	39,710.8	42,257.6	44,380.0
Utility plant in service	-	-	37,468.2	37,001.4	37,468.2	37,001.4
Machinery and equipment	5,556.5	6,011.8	2,224.0	2,383.8	7,780.5	8,395.6
Infrastructure	19,851.6	19,981.9	-	-	19,851.6	19,981.9
Construction in progress	25,295.0	13,092.3	10,712.9	7,105.4	36,007.9	20,197.7
Total	\$ 78,849.8	\$ 67,432.2	\$ 90,822.5	\$ 88,474.8	\$ 169,672.3	\$ 155,907.0

The following reconciliation summarizes the change in capital assets, which is represented in detail in Note 6, Capital Assets and Depreciation.

Change in Capital Assets
(in thousands)

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 67,432.2	\$ 88,474.7	\$ 155,907.0
Increases	12,604.5	4,719.8	17,324.2
Decreases	(1,186.9)	(2,372.0)	(3,558.9)
Total	\$ 78,849.8	\$ 90,822.5	\$ 169,672.3

Debt Administration

The City of Port Angeles is authorized to issue debt pursuant to the Acts of the State of Washington. The City has five types of debt issues outstanding: general obligation bonds (both limited & unlimited), revenue bonds, public works trust fund loans, contracts payable and capital leases. The City may issue general obligation debt up to 7.5% of assessed valuation. Of this amount, 2.5% can be issued for general purposes, 2.5% for utility purposes and 2.5% for open space, parks and capital facilities. General purpose debt has additional restrictions involving issues that are voted and non-voted. The full 2.5% of general purpose debt may be issued with a 60% vote of the People assuming there is no Council approved debt, but only up to 1.5% can be issued by council without going to a vote. As of December 31, 2008, the margin of indebtedness available within the 1.5% limit is \$29.9 million. Total remaining debt capacity within the 2.5% general purpose limit is \$47.1 million. For all purposes related to the 7.5% limit, total remaining debt capacity is \$146.8 million.

The City is authorized to issue revenue bonds to finance capital improvements for its various enterprise activities, requiring only a majority approval vote of the Council. The City has a revenue bond coverage ratio requirement of 125% of maximum annual debt. For the year ended December 31, 2008, this debt ratio was 748% in the electric utility and 494% in water and wastewater.

As the demand for public sector investment in infrastructure continues to grow, the issuance of debt has become an increasingly important component of state and local government capital programs. While the issuance of debt is frequently an appropriate method of financing capital projects at the local level, it also entails careful monitoring of such obligations to ensure that an erosion of the City's credit quality does not result.

Debt Outstanding

At December 31, 2008, the City had almost \$32.7 million in outstanding long-term debt for business-type activities (utilities) and \$8.3 million for governmental type activities.

City of Port Angeles Outstanding Debt
(in thousands)

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 7,100.5	\$ -	\$ 7,100.5
Loans	1,131.1	8,258.8	9,389.9
Capital Leases/Contracts	58.9	8,215.9	8,274.8
Revenue Bonds	-	16,195.0	16,195.0
Total	\$ 8,290.4	\$ 32,669.7	\$ 40,960.2

The City's total long-term debt increased by \$356,000 (less than 1%) to nearly \$41.0 million during the current fiscal year.

In 2008, the City received \$2.8 million in draws against public works trust fund loans as follows:

- \$660,000 against the Downtown Watermain Replacement Phase III loan
- \$147,500 against the Francis Street sewer main pre-construction loan
- \$2 million against the Combined Sewer Overflow (CSO) Phase I construction loan

Detailed information on the City's long-term debt can be found in Note 10, Long Term Debt and Leases.

Economic Factors and Next Year's Budget

Preparing a balanced budget for 2009 proved to be a challenging process for City Council and staff. Due to voter initiatives such as Initiative 747, which limits annual property tax increases to 1%, and the decline of the current economy, City revenues are growing at a much slower rate than expenditures. Any decline in sales tax, property tax or state shared revenues has a significant impact on budgetary decisions, especially in the General Fund. For 2009, growth in General Fund revenue is estimated at less than 1%.

City management, with the support of the Mayor and Council, considered a number of proposals in order to balance the 2009 budget. The most significant change approved by Council is closure of the William Shore Memorial Pool effective March 31, 2009. A group of community members has raised funds to save the pool and also initiated a special election in 2009 to form a Metropolitan Park District to operate and maintain the pool in the future. The level of funds raised will allow the pool to remain open until June 15, 2009. The level of General Fund support for the pool was over \$350,000 in 2008. The savings from not operating the pool will allow General Fund resources to absorb the increasing cost of providing essential services such as police and fire protection.

In the past, the City of Port Angeles benefited from a fairly stable level of residential and commercial construction activity. In 2008, the City experienced a 62% reduction in the value of single-family residential construction permits over 2007 levels. The expectation is that residential construction levels will remain at a lower level in 2009. However, the City anticipates a large institutional construction project to begin construction in 2009, a new educational building at Peninsula College, valued at approximately \$30 million. Realizing that the construction trend is usually cyclical and is expected to slow down significantly in 2009, especially in the areas of residential and commercial construction, we need to be prepared to deal with a downturn in that sector of the economy. However, prudent fiscal management has allowed us to take proactive steps toward our short-term financial planning.

The City continues to support initiatives that promote economic development, including the impending completion of the Gateway multi-modal project in downtown, and the creation of the Harborworks Public Development Authority (PDA) in 2008. The Harborworks PDA was established jointly between the Port of Port Angeles and the City in an effort to focus on re-development of the former Rayonier Mill site. It is anticipated that these economic development initiatives will increase our tax base in the long term. In the short term, we will continue a conservative approach to budgeting as we look for cost saving initiatives and strive to maintain strong financial reserves.

The unemployment rate in Clallam County was 7.5% as of December 2008, which is significantly higher than the December 2007 level of 5.9% and the state's unemployment rate of 5.2%. Unemployment continues to be an issue in Port Angeles as many businesses in Port Angeles reduced their workforce or ceased operations in 2008. As the economy continues to slump, the local unemployment rate will continue to be negatively affected.

The 2009 Budget includes \$85.8 million (83% of total budget) for municipal services related to general government and utility operations and \$17.5 million (17%) for capital projects. Citywide expenditures and revenues are budgeted at \$103.3 million, a \$6.3 million (5.7%) decrease over 2008. The decrease in revenues is mainly due to fewer grants anticipated for major governmental capital projects and a reduction in general fund taxes and building permits.

Citywide capital project expenditures are budgeted to decrease \$10.3 million (37%) from 2008 levels, from \$27.8 million to \$17.5 million. In the governmental funds, the two major capital projects, Gateway and the 8th Street Bridges, have minimal expenditures budgeted as they will be completed in early 2009. Capital expenditures are also budgeted for streets, information technology, PenCom, and equipment purchases in 2009. Total governmental capital projects are budgeted at \$4.2 million in 2009, a \$12.5 million (75%) decrease from 2008 levels.

In the enterprise funds, capital project spending is budgeted \$2.2 million (20%) higher than 2008. In the wastewater utility, a total of \$11.3 million in capital projects is budgeted in 2009, with \$10.5 budgeted for the Combined Sewer Overflow (CSO) phase I project. Other capital projects are budgeted in the electric, water, and stormwater funds as well, with total utility projects budgeted at \$13.3 million in 2009.

Changes in State Law

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

Financial Contact

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information, contact the City's Finance Department, 321 E. 5th Street, P. O. Box 1150, Port Angeles, WA 98362, or visit the City's website at www.cityofpa.us.

City of Port Angeles

**Government-Wide
Statement of Net Assets
December 31, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Angeles Harbor-works Development Authority
ASSETS				
Cash and cash equivalents	\$ 36,309,882	\$ 25,691,695	\$ 62,001,577	\$ 270,466
Investments	672,270	-	672,270	-
Receivables (net)	2,194,545	7,264,737	9,459,282	-
Internal balances	92,485	(92,485)	-	-
Inventories	161,905	1,373,423	1,535,328	-
Prepaid expenses	31,841	-	31,841	-
Deferred charges	-	805,036	805,036	-
Unamortized bond premium	-	290,459	290,459	-
Restricted:				
Cash and cash equivalents	125,000	5,343,977	5,468,977	-
Capital Assets:				
Land	12,464,126	1,136,392	13,600,518	-
Building	17,937,414	1,697,411	19,634,825	-
Improvements	6,775,118	71,218,125	77,993,243	-
Utility plant in service	-	58,006,159	58,006,159	-
Machinery and equipment	13,680,660	3,342,142	17,022,802	-
Infrastructure	31,875,532	-	31,875,532	-
Construction in progress	25,295,017	10,712,904	36,007,921	-
Total capital assets	108,027,866	146,113,133	254,140,999	-
Less: accumulated depreciation	(29,178,049)	(55,290,663)	(84,468,712)	-
Total capital assets, net of accumulated depreciation	78,849,818	90,822,470	169,672,288	-
Total assets	118,437,746	131,499,312	249,937,058	270,466
LIABILITIES				
Accounts payable	4,231,077	3,940,832	8,171,909	23,203
Accrued interest payable	-	187,678	187,678	1,186
Other liabilities	90,794	1,064,040	1,154,834	-
Long-term liabilities:				
Due within one year - capital	841,688	1,676,097	2,517,785	-
Compensated absences-current	610,168	277,373	887,541	-
Compensated absences - long term	885,394	303,385	1,188,779	-
Landfill post closure	-	3,758,285	3,758,285	-
Due in more than one year - OPEB	556,218	-	556,218	-
Due in more than one year - capital	7,448,760	31,051,426	38,500,186	300,000
Total liabilities	14,664,099	42,259,116	56,923,215	324,388
NET ASSETS				
Invested in capital assets, net of related debt	70,559,370	58,094,947	128,654,317	-
Restricted - expendable				
Contingencies	250,000	-	250,000	-
Deposits	-	395,872	395,872	-
Landfill post closure	-	3,758,285	3,758,285	-
Workers Compensation	125,000	-	125,000	-
Debt service	1,031,620	1,189,820	2,221,440	-
Permanent funds	358,656	-	358,656	-
Restricted - nonexpendable				
Permanent funds	576,741	-	576,741	-
Unrestricted	30,872,260	25,801,272	56,673,532	(53,922)
Total net assets	\$ 103,773,647	\$ 89,240,196	\$ 193,013,843	\$ (53,922)

The Accompanying Notes Are An Integral Part Of This Statement

City of Port Angeles

Government-Wide
Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,718,769	\$ 3,324,621	\$ 37,500	\$ -	\$ (1,356,648)	\$ -	\$ (1,356,648)	
Public safety	8,968,201	1,776,020	10,059	206,896	(6,975,225)	-	(6,975,225)	
Utilities and environment	1,758,328	1,423,400	2,202,083	-	1,867,155	-	1,867,155	
Transportation	8,558,453	515,579	2,080	13,123,324	5,082,531	-	5,082,531	
Economic environment	2,067,867	234,053	761,564	-	(1,072,250)	-	(1,072,250)	
Culture and recreation	2,856,063	419,064	150,230	149,290	(2,137,479)	-	(2,137,479)	
Interest on long-term debt	354,075	-	-	-	(354,075)	-	(354,075)	
Total governmental activities	29,281,755	7,692,738	3,163,516	13,479,510	(4,945,991)	-	(4,945,991)	
Business-type activities:								
Electric utility	29,267,307	30,442,523	22,951	636,122	-	1,834,289	1,834,289	
Water utility	4,142,851	4,619,565	-	15,000	-	491,714	491,714	
Wastewater utility	4,534,496	5,982,468	-	1,402,305	-	2,850,277	2,850,277	
Solid Waste Collection utility	2,996,125	3,150,667	-	-	-	154,542	154,542	
Solid Waste Trf Sv/LF utility	6,058,787	4,799,541	80,004	-	-	(1,179,242)	(1,179,242)	
Stormwater utility	385,161	710,075	-	19,465	-	344,379	344,379	
Conservation utility	329,740	347,652	-	-	-	17,912	17,912	
Medic 1 utility	1,347,240	1,068,303	1,644	-	-	(277,293)	(277,293)	
Total business-type activities	49,061,706	51,120,794	104,600	2,072,892	-	4,236,579	4,236,579	
Total Primary Government	\$ 78,343,461	\$ 58,813,532	\$ 3,268,116	\$ 15,552,401	(4,945,991)	4,236,579	(709,412)	
Component Unit:								
Harborworks Dev. Auth.	54,210	-	-	-	-	-	-	(54,210)
Total Component Unit	\$ 54,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(54,210)
General Revenues:								
Taxes:								
Property Tax					4,538,269		4,538,269	
Real Estate Excise Tax					216,293		216,293	
Sales and Use Tax					5,028,562		5,028,562	
Utility Tax					2,742,625		2,742,625	
Telephone Tax					670,135		670,135	
Other Tax					345,512		345,512	284
Investment Earnings					1,594,626		1,594,626	
Gain on sale of capital assets					776,745		776,745	
Extraordinary Items					63,776		63,776	
Miscellaneous Charges					-		-	
Transfers					348,641		348,641	
Total general revenues, special items, and transfers					15,661,872		15,661,872	289
Changes in net assets					10,715,881		10,715,881	(63,922)
Net assets - beginning					93,057,766		93,057,766	-
Net assets - ending					\$ 103,773,647	\$ 89,240,196	\$ 193,013,842	(63,922)

The Accompanying Notes Are An Integral Part Of This Statement

City of Port Angeles

Balance Sheet
Governmental Funds
December 31, 2008

	General	Capital Improvement	8th Street Bridges	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,633,676	\$ 810,680	\$ 1,834,366	\$ 20,675,992	\$ 27,954,714
Investments	-	-	-	672,270	672,270
Receivables (net of allowance for uncollectibles):					
Taxes	322,043	-	-	50,167	372,210
Interest	41,594	-	-	109,774	151,368
Customer accounts	327,694	-	-	84,700	412,394
Due from other funds	163,378	-	-	-	163,378
Due from Component unit	11,612	-	-	221	11,833
Due from other governments	39,548	98,162	-	365,405	503,115
Contracts receivable	-	-	-	1,253,365	1,253,365
Prepaid	-	31,841	-	-	31,841
Total assets	\$ 5,539,545	\$ 940,683	\$ 1,834,366	\$ 23,211,894	\$ 31,526,488
LIABILITIES					
Accounts payable	463,973	226,217	365,625	313,043	1,368,858
Due to other funds	-	-	-	71	71
Due to other governments	37,242	-	-	197,052	234,294
Wages payable	447,669	-	-	114,161	561,830
Deferred revenue	122,807	-	-	1,122,877	1,245,684
Other liabilities	69,831	2,364	-	8,232	80,427
Total liabilities	1,141,522	228,581	365,625	1,755,436	3,491,164
FUND BALANCES					
Reserved for:					
Contingencies	-	-	-	250,000	250,000
Debt service	-	-	-	1,031,620	1,031,620
Permanent funds	-	-	-	935,397	935,397
Unreserved, reported in:					
General fund					
Designated (compensated absences)	610,169	-	-	-	610,169
Undesignated	3,787,854	-	-	-	3,787,854
Special revenue funds	-	-	-	18,952,013	18,952,013
Capital projects funds	-	712,102	1,468,740	287,428	2,468,270
Total fund balances	4,398,023	712,102	1,468,740	21,456,458	28,035,323
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,539,545	\$ 940,683	\$ 1,834,365	\$ 23,211,894	\$ 31,526,487

The Accompanying Notes Are An Integral Part Of This Statement

**Reconciliation Of The Balance Sheet
To The Statement of Net Assets
Governmental Funds
December 31, 2008**

Fund balances - total governmental funds		\$	28,035,322
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Non-depreciable assets	37,214,602		
Depreciable assets (net)	<u>37,349,053</u>		74,563,655
Reverse last year adjustment for accrued taxes receivable	(1,255,454)		
Additional accrued taxes receivable	<u>643,814</u>		(611,640)
The focus of governmental funds is on short-term financing in the current period and therefore are not reported in the governmental funds:			
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.			
Long-term liabilities			(9,685,805)
Elimination of due to amounts			660
Elimination of due from amounts			(163,378)
Addition of OPEB liability			(556,218)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds:			
To eliminate the effect of internal fund balances, net of charges to governmental funds.			92,485
Total assets of the internal service funds that are reported with governmental funds	13,030,134		
Total liabilities of the internal service funds that are reported with governmental funds	<u>(931,572)</u>		<u>12,098,562</u>
Net assets of governmental activities		\$	<u><u>103,773,643</u></u>

The Accompanying Notes Are An Integral Part Of This Statement

City of Port Angeles

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December, 31, 2008**

	General	Capital Improvement	8th Street Bridges	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,921,656	\$ -	\$ -	\$ 3,231,379	\$ 14,153,035
Licenses and permits	401,721	-	-	3,470	405,191
Intergovernmental revenues	656,507	646,789	12,572,857	4,251,697	18,127,850
Charges for services	4,510,878	-	-	404,170	4,915,048
Fines and forfeitures	295,202	-	-	-	295,202
Investment earnings	433,641	-	-	849,807	1,283,448
Contributions and donations	5,332	51,400	-	149,523	206,255
Other revenue	93,748	6,768	-	123,075	223,591
Total revenues	17,318,685	704,957	12,572,857	9,013,121	39,609,620
EXPENDITURES					
Current:					
General government	4,531,027	-	-	29,556	4,560,583
Public safety	6,320,093	-	-	1,841,340	8,161,433
Utilities and environment	1,679,852	-	-	-	1,679,852
Transportation	-	6,475,247	-	1,470,458	7,945,705
Economic environment	500,926	-	-	1,542,345	2,043,271
Culture and recreation	2,038,743	-	-	576,046	2,614,789
Debt service:					
Principal	-	-	-	786,606	786,606
Interest	-	-	-	353,160	353,160
Other debt cost	-	-	-	911	911
Capital outlay	244,849	(1,039,266)	12,920,171	584,791	12,710,545
Total expenditures	15,315,490	5,435,981	12,920,171	7,185,213	40,856,855
Excess (deficiency) of revenues over (under) expenditures	2,003,195	(4,731,024)	(347,314)	1,827,908	(1,247,235)
OTHER FINANCING SOURCES (USES)					
Transfers in	294,200	2,781,332	1,200,000	1,761,918	6,037,450
Transfers (out)	(2,848,616)	-	-	(2,840,193)	(5,688,809)
Other	-	59,992	-	-	59,992
Total other financing sources (uses)	(2,554,416)	2,841,324	1,200,000	(1,078,275)	408,633
Net change in fund balances	(551,221)	(1,889,700)	852,686	749,633	(838,602)
Fund balances - beginning	4,949,244	2,601,802	616,055	20,706,824	28,873,925
Fund balances - ending	\$ 4,398,023	\$ 712,102	\$ 1,468,741	\$ 21,456,457	\$ 28,035,323

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
Governmental Funds
For the year ended December 31, 2008**

Net changes in fund balances - total governmental funds		\$ (838,602)
Amounts reported for governmental activities in the statement of activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	12,710,546	
Less current year depreciation	<u>(1,442,757)</u>	11,267,789
Additional OPEB requirement		(556,218)
<p style="margin-left: 40px;">Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal payments		786,606
<p style="margin-left: 40px;">Accrual of taxes received in the first 2 months of the new year and reversal of the prior year accrual</p>		
Reverse last year adjustment for accrued taxes	(1,255,454)	
Additional accrued taxes for 2008	<u>643,816</u>	(611,638)
Reduction of compensated absences in Long Term Debt		77,839
<p style="margin-left: 40px;">Internal service funds are used by management to charge the costs of certain activities to individual funds.</p>		
Net internal service fund		<u>590,105</u>
Change in net assets of governmental activities		<u>\$ 10,715,881</u>

The Accompanying Notes Are An Integral Part Of This Statement

City of Port Angeles

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 10,675,801	\$ 10,601,124	\$ 10,921,656	\$ 320,532
Licenses and permits	492,800	424,456	401,721	(22,735)
Intergovernmental revenues	355,298	618,819	656,507	37,688
Charges for services	4,657,128	4,639,585	4,510,878	(128,707)
Fines and forfeitures	285,000	289,000	295,202	6,202
Investment earnings	234,606	324,168	433,641	109,473
Contributions and donations	1,000	1,000	5,332	4,332
Other revenue	58,079	67,996	93,748	25,752
Total revenues	16,759,712	16,966,148	17,318,685	352,537
EXPENDITURES				
Current:				
General government	4,803,967	4,809,633	4,531,027	278,606
Public safety	6,684,906	6,541,220	6,320,093	221,127
Utilities and environment	1,642,730	1,740,913	1,679,852	61,061
Economic environment	547,846	529,064	500,926	28,138
Culture and recreation	2,153,347	2,215,784	2,038,743	177,041
Capital outlay	10,500	213,118	244,849	(31,731)
Total expenditures	15,843,296	16,049,732	15,315,490	734,242
Excess (deficiency) of revenues over (under) expenditures	916,416	916,416	2,003,195	1,086,779
OTHER FINANCING SOURCES (USES)				
Transfers in	294,200	294,200	294,200	-
Transfers (out)	(1,210,616)	(2,910,616)	(2,848,616)	62,000
Total other financing sources (uses)	(916,416)	(2,616,416)	(2,554,416)	62,000
Net change in fund balances	-	(1,700,000)	(551,221)	1,148,779
Fund balances - beginning	4,949,244	4,949,244	4,949,244	-
Fund balances - ending	\$ 4,949,244	\$ 3,249,244	\$ 4,398,023	\$ 1,148,779

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

The Accompanying Notes Are An Integral Part Of This Statement

Statement of Net Assets
Proprietary Funds

	Business-type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Transfer Station/Landfill Utility	Nonmajor Proprietary Funds		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 5,757,089	\$ 2,102,329	\$ 9,893,350	\$ 2,712,009	\$ 5,226,918	\$ 25,691,695	\$ 8,355,168
Receivables (net):							
Interest	40,433	13,011	56,630	34,864	21,058	165,996	46,107
Customer accounts	4,348,576	668,693	743,206	387,290	680,249	6,828,014	55,791
Assessments	-	-	8,129	-	-	8,129	-
Due from other governments	159,780	-	-	28,124	74,692	262,596	-
Inventories	1,177,737	195,686	-	-	-	1,373,423	161,905
Total current assets	11,483,615	2,979,719	10,701,315	3,162,287	6,002,917	34,329,853	8,618,971
Non-current assets:							
Other assets:							
Special assessment deferred	-	-	6,596	-	-	6,596	-
Unamortized discount refunding debt	17,836	-	-	-	-	17,836	-
Deferred amount on refunding	185,663	118,988	475,953	-	-	780,604	-
Total other assets	203,499	118,988	482,549	-	-	805,036	-
Restricted:							
Cash and cash equivalents							
Reserved for:							
Landfill postclosure care	-	-	-	3,758,285	-	3,758,285	-
Debt service	172,603	339,156	678,061	-	-	1,189,820	-
Billed deposits	393,747	2,125	-	-	-	395,872	-
Workers compensation	-	-	-	-	-	-	-
Total restricted assets	566,350	341,281	678,061	3,758,285	-	5,343,977	125,000
Capital assets:							
Land	379,657	478,155	65,597	212,983	-	1,136,392	-
Buildings	365,440	1,230,082	21,391	-	80,498	1,697,411	95,513
Improvements	25,527,878	17,860,448	16,600,857	11,228,942	-	71,218,125	198,675
Utility plant in service	8,930,562	10,873,866	36,714,766	693,641	793,324	58,006,159	-
Machinery and equipment	512,988	904,093	1,366,631	214,351	344,079	3,342,142	10,195,612
Work in progress	293,837	2,983,612	7,327,527	-	107,927	10,712,903	544,541
Total capital assets	36,010,362	34,330,256	62,096,769	12,349,917	1,325,828	146,113,132	11,034,341
Less: accumulated depreciation	(13,629,369)	(13,971,057)	(26,608,246)	(972,784)	(109,207)	(55,290,663)	(6,748,178)
Capital assets, net of accumulated depreciation	22,380,993	20,359,199	35,488,523	11,377,133	1,216,621	90,822,469	4,286,163
Deferred charges:							
Unamortized bond discount	98,449	74,149	117,861	-	-	290,459	-
Total non-current assets	23,249,291	20,893,617	36,766,994	15,135,418	1,216,621	97,261,941	4,411,163
Total assets	\$ 34,732,906	\$ 23,873,336	\$ 47,468,309	\$ 18,297,705	\$ 7,219,538	\$ 131,591,794	\$ 13,030,134

The Accompanying Notes Are An Integral Part Of This Statement

Statement of Net Assets
Proprietary Funds

	Business-type Activities						Governmental Activities Internal Service Funds
	Enterprise Funds			Nonmajor Proprietary Funds		Total	
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Transfer Station/Landfill Utility			
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 3,000,210	\$ 48,481	\$ 69,030	\$ 669,023	\$ 154,088	\$ 3,940,832	\$ 788,345
Due to other funds	100,569	21,409	23,917	-	17,413	163,308	-
Due to other governments	116,959	17,016	96,235	14,583	14,029	258,822	589
Wages payable	96,694	36,782	38,757	9,293	59,326	239,852	32,066
Compensated absences payable	10,801	-	52,171	68,761	145,640	277,373	-
Interest payable	67,544	49,564	70,570	-	-	187,678	-
Long term debt	225,000	484,084	699,343	267,670	-	1,676,097	29,441
Customer deposits payable	394,067	2,125	-	-	-	396,192	-
Other current liabilities	5,516	-	-	-	350	5,866	10,367
Total current liabilities	4,017,360	658,461	1,050,023	1,029,330	390,846	7,146,020	860,808
Non-current liabilities:							
Compensated absences payable	125,430	69,960	67,348	4,257	36,390	303,385	41,323
Deferred revenue	-	-	6,596	-	-	6,596	-
Unamortized bond discount/premium	1,387	33,388	16,445	-	-	51,220	-
Long term debt	4,500,000	7,575,321	10,970,030	7,948,259	-	30,993,610	29,441
Landfill postclosure care	-	-	-	3,758,285	-	3,758,285	-
Total non-current liabilities	4,626,817	7,678,669	11,060,419	11,710,801	36,390	35,113,096	70,764
Total liabilities	8,644,177	8,337,130	12,110,442	12,740,131	427,236	42,259,116	931,572
NET ASSETS							
Invested in capital assets, net of related debt	17,654,606	12,266,406	23,796,109	3,161,204	1,216,621	58,094,946	4,227,281
Restricted for:							
Debt service	172,603	339,156	678,061	-	-	1,189,820	-
Workers Compensation	-	-	-	-	-	-	125,000
Deposits	393,747	2,125	-	-	-	395,872	-
Landfill postclosure	-	-	-	3,758,285	-	3,758,285	-
Unrestricted:	7,867,773	2,928,519	10,883,697	(1,361,915)	5,575,681	25,893,755	7,746,280
Total net assets	\$ 26,088,729	\$ 15,536,206	\$ 35,357,867	\$ 5,557,574	\$ 6,792,302	\$ 89,332,678	\$ 12,098,562

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

(92,485)

\$ 89,240,193

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended December 31, 2008

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Transfer Station/Landfill Utility	Nonmajor Proprietary Funds	Total	
OPERATING REVENUES							
Charges for services	\$ 30,628,095	\$ 4,614,795	\$ 5,974,532	\$ 4,736,395	\$ 4,928,321	\$ 50,882,138	\$ 6,586,029
Other revenue	134,399	5,359	7,836	11,529	724	159,947	232,904
Total operating revenues	30,762,494	4,620,154	5,982,468	4,747,924	4,929,045	51,042,085	6,818,933
OPERATING EXPENSES							
Purchased power	20,701,806	-	-	-	-	20,701,806	-
Operations and maintenance	2,726,747	1,749,623	1,556,156	3,858,907	3,958,517	13,849,950	5,778,960
Taxes	2,964,029	579,581	592,903	547,756	434,586	5,118,855	90,113
Administrative and general	1,643,579	1,035,162	841,286	322,132	597,369	4,439,528	123,181
Depreciation	1,091,732	744,498	1,495,370	339,933	25,813	3,697,346	664,053
Total operating expenses	29,127,893	4,108,864	4,485,715	5,068,728	5,016,285	47,807,485	6,656,307
Operating income (loss)	1,634,601	511,290	1,496,753	(320,804)	(87,240)	3,234,600	162,626
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	27,661	-	-	-	-	27,661	-
Investment earnings	389,133	142,103	504,365	355,545	203,500	1,594,646	424,610
Interest expense	(3,608)	-	(16,401)	(501,224)	-	(521,233)	(915)
Grants	22,951	-	-	80,004	1,644	104,599	-
Gain (loss) on sale of capital assets	776,745	-	-	-	-	776,745	3,784
Landfill closure and postclosure care	-	-	-	(430,609)	-	(430,609)	-
Total nonoperating revenue (expenses)	1,212,882	142,103	487,964	(496,284)	205,144	1,551,809	427,479
Income before capital contributions, grants and transfers	2,847,483	653,393	1,984,717	(817,088)	117,904	4,786,409	590,105
Capital contributions and grants	636,122	15,000	1,402,305	-	19,465	2,072,892	-
Extraordinary item	1,051,596	-	-	-	-	1,051,596	-
Transfers in	-	39,708	-	-	1,868,506	1,908,214	-
Transfers (out)	(1,785,888)	(181,627)	(109,340)	-	(180,000)	(2,256,855)	-
Total contributions and transfers	(98,170)	(126,919)	1,292,965	-	1,707,971	2,775,847	-
Change in net assets	2,749,313	526,474	3,277,682	(817,088)	1,825,875	7,562,256	590,105
Total net assets - beginning	23,339,419	15,009,732	32,080,189	6,374,662	4,966,427	81,770,429	11,508,457
Total net assets - ending	\$ 26,088,732	\$ 15,536,206	\$ 35,357,871	\$ 5,557,574	\$ 6,792,302	\$ 89,332,685	\$ 12,098,562
Change in net assets of business-type activities						7,562,256	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds, and other interfund activity						(251,351)	
Change in net assets of business-type activities						\$ 7,310,905	

The Accompanying Notes Are An Integral Part Of This Statement

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities						Total	Governmental Activities Internal Service Funds
	Enterprise Funds			Nonmajor Proprietary Funds				
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Transfer Station/Landfill Utility				
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 30,770,889	\$ 4,319,893	\$ 6,002,117	\$ 4,638,367	\$ 4,908,140	\$ 50,639,406	\$ 6,644,013	
Payments to suppliers	(21,150,120)	(387,950)	(505,640)	(3,735,047)	(1,915,827)	(27,694,583)	(5,104,335)	
Payments to employees	(2,269,900)	(889,726)	(856,657)	(229,082)	(1,541,038)	(5,786,404)	(845,479)	
Payments for taxes	(2,785,621)	(579,017)	(588,855)	(491,862)	(434,807)	(4,880,162)	(2,857)	
Operating deposits	22,881	1,125	-	-	200	24,206	-	
Payments for interfund services	(1,904,783)	(1,284,397)	(1,095,662)	(427,993)	(1,166,603)	(5,879,437)	(125,695)	
Net cash provided (used) by operating activities	2,683,346	1,179,928	2,955,303	(245,617)	(149,934)	6,423,026	565,646	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Grants & contributions received	22,609	-	-	136,003	1,646	160,258	-	
Landfill closure/post closure related expenses	-	-	-	(538,553)	-	(538,553)	-	
Receipt from one-time Settlement	1,051,596	-	-	-	-	1,051,596	14,778	
Transfers in (for noncapital purposes)	-	39,708	-	-	1,868,506	1,908,214	-	
Transfers out (for noncapital purposes)	(1,746,788)	(156,627)	(84,340)	-	(125,000)	(2,112,755)	-	
Net cash provided (used) by noncapital financing activities	(672,583)	(116,919)	(84,340)	(402,550)	1,745,152	468,760	14,778	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Capital contributions received	281,696	15,000	1,538,298	-	-	1,834,994	-	
Proceeds from capital debt	-	1,210,000	2,147,500	-	-	3,357,500	-	
Payments from other funds	-	-	62,906	-	-	62,906	209,824	
Proceeds from sale of capital assets	776,745	-	-	-	-	776,745	5,566	
Principal paid on capital debt	(215,000)	(481,084)	(628,931)	(249,618)	-	(1,574,633)	(91,147)	
Interest paid on capital debt	(209,933)	(242,535)	(373,683)	(503,727)	-	(1,329,878)	(915)	
Proceeds from capital grants	288,227	-	-	-	4,395	292,622	-	
Transfers out (for capital purposes)	(25,000)	(25,000)	(25,000)	-	(55,000)	(130,000)	-	
Acquisition and construction of capital assets (net)	(1,301,445)	(1,906,587)	(2,198,827)	-	(17,629)	(5,424,489)	(221,361)	
Net cash provided (used) by capital and related financing activities	(404,710)	(1,430,206)	522,263	(753,345)	(68,234)	(2,134,232)	(98,033)	
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment earnings	366,383	135,544	491,214	368,513	212,489	1,574,143	427,496	
Net cash provided (used) by investing activities	366,383	135,544	491,214	368,513	212,489	1,574,143	427,496	
Net increase (decrease) in cash and cash equivalents	1,972,436	(231,653)	3,884,439	(1,032,999)	1,739,472	6,331,696	909,888	
Cash and cash equivalents-January 1	4,351,002	2,675,263	6,686,974	7,503,292	3,487,446	24,703,977	7,570,280	
Cash and cash equivalents-December 31	\$ 6,323,438	\$ 2,443,610	\$ 10,571,413	\$ 6,470,293	\$ 5,226,917	\$ 31,035,672	\$ 8,480,168	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Transfer Station/Landfill Utility	Nonmajor Proprietary Funds		
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 1,634,601	\$ 511,290	\$ 1,496,753	\$ (320,804)	\$ (87,240)	\$ 3,234,600	\$ 162,626
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Depreciation expense	1,091,732	744,498	1,495,370	339,933	25,813	3,697,346	664,053
Increase/decrease in assets and liabilities:							
Receivables, net	(58,663)	(88,388)	(63,104)	(171,949)	21,050	(361,054)	46,230
Interest receivables	(23,591)	2,284	(13,133)	14,391	212	(19,836)	-
Due from other funds/governments	(38,720)	-	9,642	66,380	(15,150)	22,151	-
Inventories	(374,227)	(13,434)	-	-	-	(387,661)	(7,138)
Assessments	-	-	2,250	-	(3,134)	(884)	-
Other current assets	-	-	-	55,998	-	55,998	885
Accounts and vendor payables	511,370	15,326	(10,389)	(246,592)	(44,167)	225,547	(297,840)
Deposits and other payables	23,156	1,125	-	-	-	24,281	-
Payable to other funds	5,369	(397)	(2,570)	2,782	(64,341)	(59,157)	(245)
Payable to other governments	14,657	3,960	23,280	(1,305)	3,260	43,852	(223)
Employee benefits	(113,988)	3,664	-	15,550	8,546	(86,228)	(4,473)
Other accrued liabilities	11,650	-	17,204	-	5,218	34,072	1,772
Net cash provided (used) by operating activities	\$ 2,683,346	\$ 1,179,928	\$ 2,955,303	\$ (245,617)	\$ (149,933)	\$ 6,423,027	\$ 565,647

The Accompanying Notes Are An Integral Part Of This Statement

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	<u>Firemen's Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 688,531	\$ 7,664
Receivables:		
Customer accounts	-	15,439
Interest and dividends	3,709	-
Total receivables	<u>3,709</u>	<u>15,439</u>
Investments, at fair value:		
Mutual Funds	<u>161,529</u>	-
Total investments	<u>161,529</u>	-
 Total assets	 <u><u>853,769</u></u>	 <u><u>23,103</u></u>
LIABILITIES		
Accounts payable	1,362	4,915
Due to other governments	-	96
Other liabilities	<u>4,589</u>	<u>18,092</u>
 Total liabilities	 <u>5,951</u>	 <u>23,103</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u><u>\$ 847,818</u></u>	<u><u>\$ -</u></u>

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, 2008

	<u>Firemen's Pension</u>
ADDITIONS	
Contributions	\$ 19,193
Total contributions	<u>19,193</u>
Investment earnings	
Interest	(51,593)
Total investment earnings	<u>(51,593)</u>
Total additions	<u>(32,400)</u>
DEDUCTIONS	
Benefits	<u>88,362</u>
Total deductions	<u>88,362</u>
Change in net assets	(120,762)
Net assets - beginning of the year	<u>968,579</u>
Net assets - end of the year	<u>\$ 847,817</u>

The Accompanying Notes Are An Integral Part of This Statement

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Port Angeles have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments 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.

The significant accounting policies are described below.

A. Reporting Entity

The City of Port Angeles was incorporated on June 11, 1890, and operates under the laws of Washington applicable to Category 1 cities. The City operates under a Council-City Manager form of government. The governing body consists of six elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The City is a general-purpose government and provides police, fire, emergency medical service, street maintenance, planning and zoning, permits and inspection, park and recreation, customer service, and general administrative services. In addition, the City provides utility services including water and electric distribution, wastewater collection and treatment, sanitation, solid waste collection, a solid waste transfer station, stormwater and electric conservation services.

As required by generally accepted accounting principles, the financial statements present the City of Port Angeles as the primary government, and the Port Angeles HarborWorks Public Development Authority (PDA) as the component unit.

Discretely Presented Component Unit

The Port Angeles Harborworks Public Development Authority (PDA) is an independent legal entity that was established in 2008 to focus on re-development of the former Rayonier mill site. The PDA is exclusively responsible for its own debts, obligations and liabilities.

The City of Port Angeles and Port of Port Angeles each have authority to appoint two PDA board members. Those four board members must agree to the appointment of the final board member. The City Council has authority to remove any board members with or without cause. The City and Port both provided the PDA with \$150,000 loans in 2008 as start-up assistance until the PDA can begin applying for grants.

Complete financial statements for the Port Angeles Harborworks PDA may be obtained at the Harborworks PDA administrative office at 1115 East Front Street, Port Angeles, WA 98362.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide financial statements (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and the fund financial statements categorize activities as either government or business-type. Governmental activities, which are normally 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.

Government-wide financial statements

The government-wide financial statements display information on all of the nonfiduciary activities of the reporting government as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from activities for the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

In the *Statement of Net Assets*, both the governmental and business-type activities are presented on a consolidated basis in separate columns, and are reported on a full accrual, economic resources basis. All long-term assets and receivables, as well as long-term debt and obligations, are presented in the statement. The City's net assets are reported in three parts - (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The *Statement of Activities* demonstrates the degree to which the direct expenses for a given function, or segment, are offset by program revenues. The City's functions and segments include: general government, public safety, utilities and environment, transportation, economic environment, culture and recreation, electric, water, wastewater, solid waste collection, solid waste transfer station/landfill, stormwater, conservation, and Medic I utilities. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include - (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The *general revenues* of the City (property taxes, retail sales and use taxes, business and occupation taxes, excise taxes, and other taxes) also support the functions and segments. The net costs of the primary government, separated by governmental activities and business-type activities, are normally covered by general revenue. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses of the functional categories are included in the government-wide financial statement of activities, while indirect expense allocations are eliminated. Indirect expense allocations are charged to the functions through Internal Service Funds (Equipment Services, Information Technology, and Insurance). Elimination of payments to Internal Service Funds are treated as reductions to expenses. No other indirect expenses are allocated to the various governmental functions. Exceptions are payments in lieu of taxes and charges between the City's utilities and other City functions. Elimination of these charges would distort the direct costs and revenues by program reported for the various functions concerned. An exception to this general rule

includes the charges for services of the City's business-type activities/enterprise funds. The City also allocates as cost reimbursements, the charges for services provided by the General Fund in support of those functions based on the levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The government-wide focus is on the City as a whole. The fund statements focus on major funds. Each presentation provides valuable comparable information between years and between governments.

Fund financial statements

The fund financial statements display information at the individual fund level and are, in substance, very similar to the financial statements presented prior to the implementation of GASB 34. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Funds are classified and summarized as governmental, proprietary, and fiduciary.

The GASB 34 model's presentation is by major funds either in the governmental or business-type categories. Minimum criteria for the determination of a major fund is set forth in GASB 34. The non-major funds are combined in the fund financial statements and are detailed in the combining section.

The major governmental funds, as well as the consolidated non-major governmental funds, are presented in the fund financial statements on a current financial resources and modified accrual basis of accounting. This is the same manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented at the end of the statement that briefly explains the adjustment necessary to transform the fund statements into the government-wide presentation.

Internal service funds of the City are presented in a summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements for internal services funds are consolidated into the governmental column when presented at the governmental level. These services are reflected in the appropriate functional activity (general government, public safety, utilities and environment, transportation, economic environment, or culture and recreation).

The City of Port Angeles reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all receipt and disbursement transactions of operations that are not required to be accounted for in another fund. The general fund includes mayor and council, administration, finance, legal, planning and building, police, fire, public works and engineering, parks and recreation, facility maintenance, and community services.

Major sources of general fund revenues include property taxes, utility taxes, and retail sales and use taxes.

- The *Capital Improvement Fund* accounts for funds related to the acquisition, construction, or replacement of major governmental capital facilities in the City of Port Angeles. Major sources of funding include grants and transfers from other funds.
- The *8th Street Bridge Reconstruction Fund* accounts for monies related to replacing two deteriorating bridges on 8th Street which span Valley Creek ravines. This project is scheduled for completion in 2009. Primary funding for this project is from Federal grants.

Additionally, the City reports non-major funds within the governmental fund type:

- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- *Debt Service Funds* are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.
- *Capital Projects Funds* are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).
- *Permanent Funds* are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes supporting the government's programs for the benefit of the government or its citizenry. Permanent funds include the Esther Webster Trust Fund and the Cemetery Endowment Fund.

Proprietary Funds

Proprietary funds are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Assets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Proprietary fund measurement focus is based upon determination of net income, financial position, and cash flows. The proprietary funds disclose changes in cash position in a separate statement that presents operating, financing and investing cash flow activities. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating activities on the statement of revenues, expenses, and changes in fund net assets represent user fees, payments to vendors and employees who provide services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The principal operating revenue of the Electric Utility is from the sale of electricity to the residents, commercial businesses and industries within the City. For the Water and Wastewater Utilities, the principal operating revenues include the sale of water services and fees for sanitary sewer and wastewater treatment facility usage. The principal operating revenues of the Solid Waste Collection and Transfer Station/Landfill Utilities are fees for the collection and disposal of refuse, and for the Stormwater Utility fees for the construction of stormwater facilities. The principal operating revenues of the Medic I Utility are directly related to ambulance service.

The City applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations except those inconsistent with GASB pronouncements.

There are two fund types that are considered to be proprietary funds: enterprise funds and internal service funds.

- **Enterprise Funds** - Enterprise funds account for utility operations that are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned, expenses incurred, and net income for capital maintenance, public policy, management control, and accountability.

The City of Port Angeles reports the following utility enterprises as major proprietary funds.

- The *Electric Fund* accounts for the provision of electric services to the residents and businesses of the City. All activities necessary to provide such services, including administration, financing, construction, and related debt service are accounted for in this fund.
- The *Water Fund* accounts for revenues and expenses related to providing water service to City residents and businesses. All activities necessary to provide such services, including administration, financing, construction, and related debt service are accounted for in this fund.
- The *Wastewater Fund* accounts for revenues and expenses related to providing sanitary sewer service to City residents and businesses. All activities necessary to provide such services, including administration, financing, construction, and related debt service are accounted for in this fund.
- The *Solid Waste Transfer Station/Landfill Fund* accounts for all revenues and expenses related to the operation and maintenance of the City's transfer station and moderate risk waste facility, including landfill closure and post-closure care.

The following enterprise funds are reported as nonmajor proprietary funds.

- The *Solid Waste Collection Fund* accounts for all revenues and expenses related to providing refuse collection service to City residents and businesses.
 - The *Stormwater Fund* accounts for all revenues and expenses related to construction of storm-water facilities.
 - The *Medic I Fund* accounts for all revenues and expenses related to providing ambulance services to City residents.
 - The *Conservation Fund* accounts for all revenues and expenses related to the provision of energy conservation programs for City residents and businesses.
- **Internal Service Funds** - The City's three internal service funds account for the financing of goods and services provided to other funds, departments, or governments on a cost-reimbursement basis.
 - The *Equipment Services Fund* accounts for the cost of maintaining and replacing all City vehicles and construction equipment. All costs, including salaries and depreciation, are included in rates charged to each department.
 - The *Information Technology Fund* accounts for the cost of providing information services to all City departments. All costs, including hardware, software, maintenance, labor, leases, capital improvements and supplies are included in rates charged to each department and fund.
 - The *Self Insurance Fund* accounts for the payment of all City insurance premiums and claims for which each department is charged. The City is self-insured for workers' compensation and insures property and casualty deductibles.

Fiduciary Funds

The City's fiduciary funds are reported in the fund statements. Since the assets are being held for the benefit of a third party and cannot be used for the obligations of the City, they are not included in the government-wide statements.

- The *Firemen's Pension Fund* accounts for the revenues and expenditures related to firefighters' pension benefits not covered by the State of Washington's Law Enforcement Officers' and Firefighters Retirement System or industrial insurance.
- The *Off Street Parking Fund* accounts for collections and disbursements of parking special assessments.
- The *Utility Contribution Program Fund* accounts for voluntary contributions to help low income customers with utility payments.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus.

Accrual basis of accounting - economic resources measurement focus

The Government-Wide Financial Statements, the Proprietary Funds Financial Statements, and the Fiduciary Funds Financial Statements are presented on a *full accrual* basis of accounting with an *economic resources* measurement focus. However, Agency Funds which are Fiduciary Type Funds, do not have a measurement focus. An economic resources measurement focus concentrates on an entity's, or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Non-exchange transactions, in which the City receives value without directly giving equal value in exchange, include property taxes, retail sales taxes, grants, entitlements, and donations. In applying GASB 33, revenue from sales taxes is recognized in the fiscal year when the underlying sales transaction occurs. Revenue from property taxes is recognized in the fiscal year when the taxes are levied.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements, including time requirements, have been satisfied. Resources that are received before the eligibility requirements are met are considered to be advances from the provider and are recorded as deferred revenue by the City.

Certain costs in the utility funds are deferred and expensed in future years as the utility rates recover these costs. Revenues of the utilities are based on service rates authorized by the City Council, and are determined by cyclical monthly billings to customers. Amounts not earned at year-end are reported as deferred revenues. Earned revenues that have not been billed are accrued.

Modified accrual basis of accounting - current financial resources measurement focus

Governmental Fund and Permanent Funds Financial Statements are presented on a *modified accrual* basis of accounting with a *current financial resources* measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. A current financial resources measurement focus is inseparable from the modified accrual basis of accounting. Under modified accrual accounting, revenues are recorded as soon as they are 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Under the modified accrual basis of accounting, property taxes, utility taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Grant revenue is recognized for cost reimbursement grants when the expenditure occurs in accordance with GASB Statement 1. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue. Entitlement grant revenue is not tied to expenditures and is recognized when the City is entitled to receive it according to the grant agreement. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Budgetary Information

The City of Port Angeles budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.33.

a. Scope of Budget - Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, and the Esther Webster Permanent Fund on the modified accrual basis of accounting. In 2008, the City did not adopt budgets for the Contingency special revenue fund, or the LID Control debt service fund. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of the debt issues or projects. For these governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

Annual appropriated budgets are adopted at the fund level and the budgets constitute the legal authority for expenditures at that 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 monitor expenditures for individual functions and activities by object class.

Appropriations for general and special revenue funds lapse at year-end, except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

b. The Budget Process - State law mandates the budget process and the time limits under which a budget must be developed. The City must follow the procedures outlined below:

1. Determining Policies and Goals - The budget process for the City of Port Angeles is, in some respects, an on-going, year-round activity. The formal budget planning begins in the spring/summer, with discussions between the City Manager, department heads, and the City Council about status of on-going programs and new goals and objectives for the future.

2. Staff Planning and Preparation - Following Council/staff goal-setting, the staff begins to prepare the detailed plans for maintaining the current services where appropriate, deleting outdated services, and planning for the addition of new services. This involves the Finance Department preparing a guide as to how to prepare departmental budgets. A meeting of department heads is held to review the specific guidelines and to discuss the City Council policies and goals. City departments then formulate the departmental budgets. These budgets are submitted to the Finance Department for consolidation into one document for review.

In September, the budget is ready for the City Manager's review. The City Manager reviews the revenue estimates and the expenditure requests. The budget is refined, with staff input, and the preliminary budget is filed with the City Clerk by November 1. The City Clerk publishes a notice of public hearing on revenue sources and the budget.

3. City Council and General Public Review - The City Council thoroughly reviews the proposed budget. During this process, the budget is provided to the public.

4. Adoption of the Budget - Public hearings are usually held the first and third Tuesday in November and the first Tuesday of December. The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget not later than December 31.

5. The Final Operating Budget - As adopted, is published, distributed and made available to the public during the first three months of the following year.

c. Amending the Budget - The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of permanently authorized employee positions, salary ranges or other conditions of employment must be approved by the City Council.

When the 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 an ordinance approved by a one or more simple majority of those present after holding one public hearing.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. 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, allocation, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

E. Assets, Liabilities, and Equities

Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. As of December 31, 2008, the treasurer was holding \$67,733,370 in short-term residual investments, Firemen's Pension Investments of \$161,529, cash in City Trust Funds of \$89,022, Fine Arts Investments of \$583,248, and \$433,378 in bank account balances, for a total cash and cash equivalent of \$69,000,547, plus pooled cash in Fiduciary / Agency Funds of \$696,194. The Government-Wide Statement of Net Assets includes \$68,142,826 in cash and cash equivalents, for Governmental, Proprietary and Permanent Funds. Fiduciary Funds amount to \$857,723. Included in cash and cash equivalents are currency on hand, demand deposits with banks or other financial institutions, and investments with original maturities of three months or less. Interest on these investments is allocated to each fund on the basis of average daily cash balance.

The City's demand and time deposits are entirely covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WSPDPC). Eligible securities to be used as collateral are detailed in the Revised Code of Washington 39.58.050. Following is a partial list of the eligible securities:

- Direct and general obligations of the United States or any instrumentality of the United States.
- Direct and general obligations of any state of the United States.
- Direct and general obligations of any political subdivision of the State of Washington having the power to levy general ad valorem taxes.

To qualify as public depositories in the State of Washington, financial institutions have been historically required to provide collateral to the WSPDPC in an amount equal to, but not less than, 10% of all public deposits held by the qualified public depository. This requirement was changed with a recently adopted resolution to establish new standards, and the collateralization level will be required to be at 100%, beginning July 1, 2009. WSPDPC guidelines basically provide that in the event of default of a qualified public depository, all other qualified public depositories will collectively assure that no loss of funds will be suffered by any public entity.

State law also authorizes cities to purchase Certificates of Deposit issued by Washington State depositories that participate in a State Insurance Pool; US Treasury and Agency Securities; and repurchase agreements. Repurchase agreements may be purchased only from institutions utilizing authorized securities for collateral. City policy requires all investments, including repurchase agreements, to be in the lowest classification of risk category as described in GASB Statement 40. All investments considered to be cash equivalents are stated at cost. Other investments disclosed are at fair value as of December 31, 2008.

State statutes provide that monies in the Firemen's Pension Fund may be invested in securities of the United States, state, municipal corporations and other public bodies as are designated as lawful investments for mutual savings banks. Subject to certain restrictions, monies may also be invested in open-ended investment companies.

Temporary Investments – See Note 4 – Cash and Investments.

Receivables

Taxes Receivable - consist of property taxes and related interest and penalties. See Note 5 - Property Taxes.

Accrued Interest Receivable - consists of interest earned on investments at the end of the year in proprietary funds, accrued interest on investments purchased between interest dates in governmental funds, and interest and penalties on special assessment receivables.

Special Assessments Receivable - Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefitted.

Customer Accounts Receivable - consist of amounts owed by private individuals or organizations for goods and services including amounts owed for which billing has not been prepared.

Notes and Contracts Receivable - consist of amounts owed on open account from private individuals and organizations for good and services rendered.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “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.” A separate schedule of interfund loans receivable and payable is furnished in Note 12 – Interfund Transactions.

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.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. Using the consumption method, the cost is recorded as inventory at the time the individual inventory items are purchased, then expensed as the items are used.

Inventories in the proprietary funds are valued by the weighted average method (which approximates the market value). A perpetual inventory is maintained in which the cost is capitalized when inventory items are purchased and expensed when the item is consumed using the consumption method. A physical inventory is taken at least once during each year.

Restricted Assets

In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, debt service, rate stabilization, equipment replacement and contingencies.

As shown on the Government-Wide Statement of Net Assets, as of December 31, 2008, the restricted net assets are composed of the following:

Expendable:

Contingencies	\$ 250,000
Deposits	395,872
Landfill postclosure care	3,758,285
Workers' Compensation	125,000
Debt service	2,221,440
Permanent Funds	<u>358,656</u>
Total Expendable	<u>7,109,253</u>

Nonexpendable:

Permanent Funds	<u>576,741</u>
Total Nonexpendable	<u>576,741</u>

Total Restricted Assets \$7,685,994

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements net of accumulated depreciation. Capital assets acquired in governmental funds are accounted for as expenditures when the asset is purchased. Capital assets of enterprise and internal service funds are recorded at historical cost and accounted for in their respective funds.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$7,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not materially add to the life or value of the asset are not capitalized.

In the application of GASB 34, governmental fund acquired capital assets of the City are depreciated. Depreciation of governmental fund assets is reported as an expense in the Statement of Activities by function. Capital assets used by governmental and proprietary funds are depreciated and the accumulated depreciation is reported in the Statement of Net Assets. Annual depreciation is recorded as an expense of the fund.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

Asset	Estimated Useful Life
Buildings & Structures	45-50 Years
Improvements Other Than Buildings	5-50 Years
Machinery & Equipment	2-20 Years
Roadways	25-80 Years

Other Property and Investments – See Note 4 – Cash and Investments.

Compensated Absences

Compensated Absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred and reported in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation leave is accumulated monthly at annual rates ranging from 11 to 43 days depending on tenure and union agreements. Employees may accumulate up to a maximum of 960 hours, inclusive of current year accruals, depending on contracts. All outstanding vacation leave is payable upon resignation, retirement, or death, to all employees having completed six months of service.

Sick Leave can have unlimited accumulation, with payoff limits depending on contract. The monthly rate for forty hour per week employees is eight hours. Fire department shift employees are credited with 288 hours for sick leave upon employment and after one year start accruing between twelve and twenty-four hours per month, depending on length of employment. Ten to twenty-five percent of unused sick leave is payable at time of retirement, death, or resignation depending on length of employment. Any outstanding sick leave is lost at termination.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Long-Term Debt – See Note 10 – Long-Term Debt and Leases.

Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria has not been met.

Fund Reserves and Designations

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds' balance sheets include a reconciliation between fund balance - total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Governmental Balance Sheet Reconciliation to Citywide Statement of Net Assets			
Per Governmental Balance Sheet			\$ 28,035,326
Capital assets for governmental activities include:			
Non-depreciable assets:			
Land	\$ 12,464,126		
Work in progress	25,295,017		
Total non-depreciable assets		37,759,143	
Depreciable assets:			
Buildings	17,937,414		
Improvements	6,775,118		
Machinery and equipment	13,680,660		
Infrastructure	31,875,532		
Less: accumulated depreciation	(29,178,049)		
Total depreciable assets, net		41,090,675	
Increase in net assets for net capital assets			78,849,818
Adjustments for accrued taxes receivable include:			
	<i>Reverse 2007</i>	<i>2008 (net)*</i>	
Criminal Justice	\$ (49,772)	\$ 39,236	
Gambling Taxes	10,719	-	
Hotel/Motel Tax	-	33,084	
Leasehold Tax	(7,121)	22,185	
Pencom Sales Tax	-	57,908	
Real Estate Excise Taxes	(19,516)	15,717	
Sales Tax	(608,235)	475,686	
Telephone Tax	30,409	-	
Utility Tax	(611,938)	-	
Total added and reversed	(1,255,454)	643,816	
Increase in net assets for additional accrued taxes receivable			(611,638)
<small>*2008 is net of accruals and January and February receipts.</small>			
Debt for governmental activities include:			
<i>General Obligation Bonds Payable:</i>	<i>Current</i>	<i>Long-Term</i>	
2001 G.O. Refunding Bonds	\$ 340,000	\$ 880,000	
2005 G.O. Refunding Bonds	215,000	1,490,000	
2005 G.O. Bonds (WUGA)	125,000	2,870,000	
2006 G.O. Bonds (Multi-modal)	10,325	1,170,139	
Total general obligation bonds payable	690,325	6,410,139	
<i>Other Debt Activities:</i>			
PWTF - Street Loan	121,923	1,009,180	
Capital Leases	29,441	29,441	
Compensated absences	610,169	885,394	
Decrease in net assets for total debt	1,451,858	8,334,154	(9,786,012)
Other reconciling items for governmental activities include:			
Increase in receivables for interfund balances due from Enterprise funds			(163,378)
Decrease in payables for interfund balances due to Enterprise funds			660
Increase in payables for OPEB			(556,218)
Internal Services Funds amounts reported with governmental activities (not included above)			
Total Assets		8,743,971	
Total Liabilities		(831,367)	
Net assets of internal services reported			7,912,604
Net Balance of Interfund internal balance adjustment			92,485
Increase in net assets for other reconciling items			75,738,321
Ending balance of Citywide Statement of Net Assets			103,773,647

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds' statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

<p>Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances Reconciliation to Citywide Statement of Activities</p>

Increases in changes in fund balances - governmental activities:

Governmental Funds - Net Change in Fund Balance			\$ (838,603)	
Capital outlay expenditures removed from governmental activities				12,710,546
	<i>Reverse 2007</i>	<i>2008 (net)*</i>		
Criminal Justice	\$ (49,772)	\$ 39,236		
Gambling Taxes	10,720	-		
Hotel/Motel Tax	-	33,084		
Leasehold Tax	(7,121)	22,185		
Pencom Sales Tax	-	57,908		
Real Estate Excise Taxes	(19,516)	15,717		
Sales Tax	(608,235)	475,686		
Telephone Tax	30,409	-		
Utility Tax	(611,938)	-		
Total Taxes accrued and reversed	(1,255,453)	643,816		
Net Tax accrual/reserval				(611,637)
Reduction of Long term debt for compensated absences				77,839
Internal service fund net revenue/(expense) reported with governmental activities:				590,105
Eliminated Long-term debt principal payments on governmental activities				786,606
Eliminate OPEB expenditure				(556,218)
Depreciation expense charged to governmental activities:				
General government		\$ (236,025)		
Public safety		(250,383)		
Utilities and environment		(78,172)		
Economic Enviroment		(24,596)		
Transportation		(612,747)		
Culture and recreation		(240,834)		
Total depreciation expense charged to governmental activities		(1,442,757)		
Net Change in Governmental				10,715,881

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

A. Budgets and Budgetary Accounting

The City of Port Angeles budgets its funds in accordance with the Revised Code of Washington RCW 35A.33. The City Council adopts the annual budget for operating departments at object levels within program categories or divisional units, however, the legal level of budgetary control is at the fund level. Budgets are established for all governmental funds with the exception of the Cemetery Endowment Fund, the Contingency Fund, and the LID Control Fund. Budgets established for proprietary funds are “management budgets” and reflect debt service and capital outlay as expenses.

Some special revenue funds are very small and are combined into “miscellaneous funds” in the budget as demonstrated in the table on the following page. These “miscellaneous funds” include Community Development Grants, K-9 Program, Firearms Range, Senior Center Maintenance, and Waterfront Trail.

The Capital Facilities Plan (CFP) is adopted by the City Council prior to the adoption of the annual budget. This is a six-year plan for capital project expenditures and anticipated financing by fund source. It is revised and extended annually. The City Council adopts the CFP as a planning document but does not appropriate the multi-year expenditures identified in the CFP. These expenditures are legally authorized through the annual operating budget.

B. Supplemental Appropriations

The City Council annually adopts a budget by ordinance establishing appropriations for City funds and may authorize supplemental appropriations during the year. Amounts shown in the accompanying financial statements represent the original budgeted amounts and amended budget. The City budgets its funds on the modified accrual basis, which represents GAAP for governments. Revisions made to the original budget are presented as follows:

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Revisions to 2008 Original Budget			
Fund	Original Budget	Revisions	Amended Budget
General Fund	\$ 17,053,912	\$ 1,906,436	\$ 18,960,348
Special Revenue Funds			
Lodging Excise Tax	608,413	(86,000)	522,413
Street	1,538,560	11,840	1,550,400
Economic Development	665,784	2,002,736	2,668,520
Cultural Resources	122,419	1,068	123,487
Real Estate Excise Tax #1	67,306	-	67,306
Real Estate Excise Tax #2	90,883	-	90,883
PenCom	1,940,238	446,520	2,386,758
Criminal Justice	235,000	-	235,000
Electric Utility Rural Econ. Dev. Revolving	50,000	-	50,000
Port Angeles Housing Rehab	219	760,910	761,129
Recreational Activities	383,351	2,931	386,282
Drug Task Force	5,000	9,780	14,780
Miscellaneous Funds	17,500	24,383	41,883
Total Special Revenue Funds	<u>5,724,673</u>	<u>3,174,168</u>	<u>8,898,841</u>
Debt Service Funds			
2001 G.O. Refunding Bonds	390,416	-	390,416
2005 G.O. Refunding Bonds	277,504	-	277,504
2005 LTGO Bonds	249,565	4	249,569
2006 LTGO Bonds	86,890	-	86,890
Total Debt Service Funds	<u>1,004,375</u>	<u>4</u>	<u>1,004,379</u>
Permanent Funds			
Esther Webster Trust Fund	213,728	(1,048)	212,680
Total Permanent Funds	<u>213,728</u>	<u>(1,048)</u>	<u>212,680</u>
Governmental Capital Projects Funds	16,044,478	3,191,799	19,236,277
Total All Funds	<u>\$ 40,041,166</u>	<u>\$ 8,271,359</u>	<u>\$ 48,312,525</u>

C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2008, expenditures exceeded appropriations at the fund level as follows:

Cultural Resources Fund – This fund was created mid-year in order to track revenues and expenditures related to the City’s state-funded archaeological program. Prior to the creation of this fund, the archaeological program was budgeted in the Economic Development Fund. When the funds were split, the archaeologist’s salary and benefits were budgeted too low which resulted in expenditures exceeding the appropriated budget in the Cultural Resources Fund.

Port Angeles Housing Rehabilitation Fund – This fund is a revolving loan fund and fund for other Community Development Block Grant (CDBG) revenues. In 2008, the City paid the Clallam County Housing Authority \$41,564 more than was budgeted for rehabilitation of Wildwood Terrace. This excess expenditure was due to a greater percentage of completion of a direct reimbursement CDBG grant project for the Wildwood Terrace project. This expenditure was directly offset by additional CDBG funding from the State of Washington.

NOTE 4 – CASH AND INVESTMENTS

A. Deposits

The City’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington. It constitutes a multiple financial institution collateral pool. In the case of a loss by any public depository in the state, each public depository is liable for an amount up to 10% of its public deposits. In response to the recent market volatility, the PDPC recently adopted a resolution to establish new standards for public depositories, and as of July 1, 2009, all public depositories are required to collateralize their uninsured public deposits at 100%. Credit ratings of all US agency securities are AAA/Aaa.

B. Investments

All of the City’s investments at December 31, 2008, were held by the City’s depository bank trust department as the City’s agent, in the City’s name. The certificates of deposit were held by the City.

Investments are shown on the Government-wide Statement of Net Assets at fair value or for 2a7-like-pools at amortized cost. Investments are reported within Cash & Cash Equivalents or Investments of Business-type Activities.

A 2a7-like-pool is an external investment pool that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The LGIP, managed by the Washington State Office of the Treasurer, is comparable to a Rule 2a7-pool recognized by the Securities and Exchange Commission. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices.

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Interest rate risk. Interest rate risk is the risk that fluctuations in interest rates over time will adversely affect the fair value of an investment. To manage its exposure to declines in fair values, the City adopted an investment policy that limits the weighted average maturity of its investment portfolio to less than 24 months, with overall maturities no longer than 5 years.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the City manages its exposure to concentration of credit risk for the City's investments portfolio as a whole. With the exception of US Treasury securities and the State Investment Pool, no more than 50% of the City's total investment portfolio shall be invested in a single financial institution.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state law, it is the City's policy to limit its investments in debt securities to the obligations of the US Government, US Agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Local Government Investment Pool (LGIP), or certificates of deposit with Washington State Banks and savings and loan institutions. The policy of the LGIP is to invest in securities and instruments that are rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Investors Services, Inc. For purchasing certificates of deposits (CD's), the City's investments are limited to 85% of net worth of such institution, and are accepted by the Public Deposit Protection Commission (PDPC) or properly collateralized as required by the state for amounts exceeding FDIC and FSLIC coverage.

Cash and Investments as of December 31, 2008

	Cost	Fair Value	
		Pooled Cash	Fiduciary/ Agency Funds
Investments:			
* U.S. Government Agency Securities	\$ 46,821,255	\$ 47,407,572	\$ -
* Certificate of Deposits	14,638,803	14,638,803	-
Subtotal	61,460,058	62,046,375	-
Investments not subject to categorization:			
* Local Government Investment Pool	5,686,995	5,686,995	-
* Other (Firemen's Pension)	161,529	-	161,529
Total Investments	67,308,582	67,733,370	161,529
Cash		433,378	-
Pooled Cash in Fiduciary & Agency Funds		(696,194)	696,194
Cemetery Endowment CD's		89,022	-
Fine Arts Center		583,248	
Total Cash & Investments		\$ 68,142,824	\$ 857,723

As of December 31, 2008, the cash balance was \$433,378, which included:

- Petty Cash and Advanced Travel \$19,100
- Deposits in Transit 107,398
- Bank balance per books 306,880

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The certificates of deposit included:

Certificates of Deposit in Pooled Investments	Value	Maturities	
		<12 Months	13-24 Months
First Savings Bank of Renton	\$ 8,647,448	\$ 8,647,448	\$ -
Westsound Bank	5,841,356	4,805,959	1,035,397
U.S. Bank	150,000	150,000	-
Total	\$ 14,638,803	\$ 13,603,406	\$ 1,035,397

Certificates of Deposit in Cemetery Endowments	Value	Maturities	
		<12 Months	
First Savings Bank of Renton	\$ 73,469	\$ 73,469	
First Federal Savings & Loan	15,553	15,553	
Total	\$ 89,022	\$ 89,022	

Investment Type	Market Value	Investment Maturities			
		<12 Months	13-24 Months	25-60 Months	>60 Months
Federal Farm Credit Bank	\$ 1,580,395	\$ 555,445	\$ 508,100	\$ 516,850	\$ -
Federal Farm Credit Bank Callable	505,350	-	-	505,350	-
Federal Home Loan Bank	15,263,427	7,120,907	5,992,325	2,150,195	-
Federal Home Loan Bank Callable	9,523,662	-	1,538,717	7,984,945	-
Federal Home Loan Mortgage Corporation	4,102,283	3,586,583	515,700	-	-
Federal Home Loan Mortgage Corp Callable	2,440,470	-	511,300	1,929,170	-
Federal National Mortgage Association	5,394,885	2,486,065	2,908,820	-	-
Federal National Mortgage Assoc Callable	8,597,100	-	4,550,850	4,046,250	-
Certificates of Deposit	14,638,803	13,603,406	1,035,397	-	-
Total	\$ 62,046,375	\$ 27,352,406	\$ 17,561,209	\$ 17,132,760	\$ -

The Esther Webster Trust Fund is managed by U.S. Bank as a trust under agreement dated July 19, 1993. The fair value of the investments in U.S. Bank, as of December 31, 2008, was \$583,248.

NOTE 5 — PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property value listed as of the prior May 31. Assessed values are established by the County Assessor at 100 percent of fair market value. A revaluation of all property is conducted every six years. The County Treasurer remits collections monthly to the appropriate district. Collections are distributed on a monthly basis.

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

Property taxes are recorded as a receivable when levied, offset by deferred revenue, even if collectible in the period subsequent to the levy. During the year, property tax revenues are recognized when cash is received. Most property taxes are collected during the year of levy, and delinquent taxes are immaterial. Prior year tax levies were recorded using the same principle, and delinquent taxes receivable are reevaluated annually. At year-end, property tax revenues are recognized for December collections to be distributed by the County Treasurer in January.

The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

Assessed values are established by the County Auditor at 100% of the fair market value and adjusted each year based on market value changes. A physical verification of each property is made at least once every six years. The estimated assessed value is then changed to reflect the physical verification.

There are two considerations in estimating property taxes after adjustments for new construction:

- In 2001, Washington State voters approved Initiative 747 which limited increases in property tax levy amounts to 1% of the prior year's levy (excluding adjustments for new construction). Although the initiative was ruled unconstitutional by the Washington State Supreme Court, it was re-instated by the Washington State Legislature in late 2007.
- The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation, or \$10 per \$1,000 of assessed value, of which the City may levy up to \$3.60 per \$1,000 of assessed value. Library Districts are entitled to \$0.50 per \$1,000 of assessed valuation and the Library levy is deducted from the \$3.60 maximum available to the City. If the Library does not utilize its full \$0.50 of the levy, the City may assess the unused portion.

City of Port Angeles

Regular property taxes are used to fund the General Fund and Street Fund. At the rate of \$2.00 per \$1,000 assessed value, the regular property levy for 2008 is \$3,898,278. The real and personal property values for the 2008 property tax levy is \$1,952,176,500.

Special levies approved by the voters are not subject to the preceding limitations. In 2008, the City levied \$0.20 per \$1,000 for debt service on the 2001 Refunding G.O. Bond (Senior Center and Fire Hall), and \$0.15 per \$1,000 for debt service on the 2005 Refunding G.O. Bond (Library), for a total additional levy of \$667,312 at the rate of \$0.35 per \$1,000 assessed value.

2008 CITY PROPERTY TAX ALLOCATION		
Regular Levy	Amount	Rate
General Fund	\$3,420,754	\$1.75
Street	477,524	0.25
Total Regular Levy	3,898,278	2.00
Special Levy		
2001 Refunding G.O. Bond (Sr. Center & Fire Hall)	390,112	0.20
2005 Refunding G.O. Bond (Library)	277,200	0.15
Total Special Levy	667,312	0.35
Total Property Tax Levy	\$4,565,590	\$2.35

Property taxes levied for the current year are “available,” therefore recognized as revenue even though collectible in the period subsequent to the levy. The City’s property tax collection record shows that most of the property taxes due are collected during the year of the levy.

Property taxes receivable at December 31, 2008, consist of the following:

General Levy	\$25,663
Senior Center & Fire Hall	2,628
Library	1,873
Total Property Taxes Receivable	<u><u>\$30,164</u></u>

NOTE 6 — CAPITAL ASSETS AND DEPRECIATION

A. General Policies

Major expenditures for capital assets, including capital leases and major repairs that increase the useful life, are capitalized. Capitalization thresholds have been established at \$30,000 for major projects and \$7,500 for equipment and office items. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred.

All capital assets are valued at historical cost, or estimated historical costs where historical cost is not known. Donated capital assets are valued at their estimated fair market value on the date donated. Capital leases are recorded at the present value of lease payments.

B. Governmental Capital Assets

Governmental long-lived assets of the City purchased, leased, or constructed are recorded as expenditures in the governmental funds and are capitalized, net of depreciation, in the government-wide statements. This includes current year purchases or construction of governmental infrastructure assets. Annual depreciation is recorded as an expense in the government-wide statements.

C. Proprietary Fund Capital Assets

Capital assets for proprietary funds are capitalized in their respective statement of net assets. The capital assets are reported at cost or, if donated, at their estimated fair market value on the date donated. Donated capital assets are included in contributed capital. Interest expense during the construction period of proprietary capital assets is capitalized. Annual depreciation is recorded as an expense of the fund.

In accordance with FASB Statement 62, the City adopted the policy of capitalizing interest costs incurred during construction on funds borrowed to finance construction projects. For the year ended December 31, 2008, interest and other bond costs were capitalized in connection with construction in progress in the following funds: Electric - \$203,891, Water - \$242,709, Wastewater - \$360,053.

D. Capital Assets Activity

In 2007, the City of Port Angeles began construction of the Gateway International Transportation project in the downtown corridor. This project, which is a joint effort between the City and Clallam Transit Systems (CTS), is expected to be completed in Spring 2009. Since Federal Transit Administration (FTA) grants were awarded to CTS for this multi-modal transit facility, CTS will be the owner of the facility upon completion.

The City has an interlocal agreement with CTS to provide sidewalks, streets, signal lights and signage for the Gateway project, and these components are the only portion of the project that the City will own. Overall, the City's contribution towards this project through 2008 was \$6,475,246. Since CTS is going to capitalize the entire project, the City's contribution was reclassified in 2008 from construction in progress to a contribution to another government.

City of Port Angeles

The City will enter into an interlocal agreement with CTS to finalize usage, maintenance, operations, and responsibilities of both parties.

Capital Assets activity for the year ended December 31, 2008, was as follows:

SUMMARY OF CHANGES IN CAPITAL ASSETS

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 12,464,126	\$ -	\$ -	\$ 12,464,126
Construction in progress	13,092,271	13,389,206	1,186,460	25,295,017
Total capital assets not being depreciated	25,556,397	13,389,206	1,186,460	37,759,143
Other capital assets:				
Buildings	17,492,681	478,912	34,179	17,937,414
Improvements	6,798,032	40,000	62,914	6,775,118
Infrastructure	31,546,867	328,665	-	31,875,532
Machinery and equipment	13,440,004	474,511	233,854	13,680,660
Total other capital assets at historical cost	69,277,584	1,322,087	330,947	70,268,724
Less: accumulated depreciation for:				
Buildings	6,279,827	420,460	34,179	6,666,108
Improvements	2,128,786	297,960	62,914	2,363,833
Infrastructure	11,564,943	458,960	-	12,023,902
Machinery and equipment	7,428,192	929,431	233,417	8,124,206
Total accumulated depreciation	27,401,748	2,106,811	330,510	29,178,049
Governmental activities capital assets, net	\$ 67,432,233	\$ 12,604,483	\$ 1,186,898	\$ 78,849,818

Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,136,393	\$ -	\$ -	\$ 1,136,393
Construction in progress	7,105,417	5,979,495	2,372,007	10,712,905
Total capital assets not being depreciated	8,241,810	5,979,495	2,372,007	11,849,298
Other capital assets:				
Buildings	1,331,971	365,440	-	1,697,411
Improvements	70,869,921	476,348	128,148	71,218,121
Utility Plant in service	56,410,346	1,595,814	-	58,006,160
Machinery and equipment	3,408,675	-	66,534	3,342,141
Total other capital assets at historical cost	132,020,914	2,437,602	194,683	134,263,833
Less: accumulated depreciation for:				
Buildings	194,989	67,743	-	262,732
Improvements	31,159,158	2,340,853	128,148	33,371,863
Utility Plant in service	19,408,922	1,129,023	-	20,537,945
Machinery and equipment	1,024,931	159,726	66,534	1,118,123
Total accumulated depreciation	51,788,001	3,697,345	194,682	55,290,663
Business-type activities capital assets, net	\$ 88,474,724	\$ 4,719,752	\$ 2,372,007	\$ 90,822,468

The Summary of Changes in Capital Assets table above shows all of the capital assets based on their respective asset classifications: land, buildings, improvements, infrastructure, machinery and equipment, and work in progress.

E. Depreciation

Depreciation on all assets is provided using the straight-line basis over estimated useful lives as follows:

Type of Asset	Estimated Service Life
Buildings & Structures	45-50 Years
Improvements other than buildings	5-50 Years
Infrastructure	25-80 Years
Machinery & Equipment	2-20 Years

Depreciation expense was charged to governmental and business-type activities as follows:

Governmental Activities:	
General Government	\$ 390,321
Public Safety	250,383
Economic Environment	24,596
Utilities and Environment	78,172
Transportation	1,122,505
Culture and Recreation	240,834
Total Depreciation - Governmental Activities	\$ 2,106,811

Business-Type Activities:	
Electric Utility	\$ 1,091,732
Water Utility	744,498
Wastewater Utility	1,495,370
Solid Waste Collection Utility	1,995
Solid Waste Transfer Station/Landfill Utility	339,933
Stormwater Utility	22,465
Medic I Utility	1,353
Total Depreciation - Business-Type Activities	\$ 3,697,345

F. Construction Commitments

The City of Port Angeles has active construction projects as of December 31, 2008. The General Governmental Construction Progress includes the following:

City of Port Angeles

Fund 310	
US0621 Eastern Corridor Phase II	36,711
PK0801 Elks Pickleball Court	33,269
TR0010 16th Street Sidewalk	2,525
US0215 8th Street Bridge Replacement	23,291,262
US0518 Lauridsen Bridge Widening	44,308
US0531 Dry Creek Bridge & Trail	53,181
US0606 Peabody Street Reconstruction	23,670
US0707 Olympic Discovery Trail	37
US0806 1st/Peabody Signal Upgrade	1,593
US0807 ERSI Architecture	32,676
US9720 Gateway Multi-Modal Center	\$ 928,722
Subtotal	24,447,953
Fund 107	
Pencom CAD Upgrade	302,522
Fund 501	
NA Rescue Truck w/Compressor	132,023
Fund 502	
IT0406 Computer Room Environmentals	74,868
US0641 Computer UPS	43,624
IT0601 PBX System	294,026
Total Construction in Progress	\$ 25,295,016

The following General Governmental projects were capitalized in 2008.

Projects:	
101 Avenue of the People	\$ 40,000
001 Fire Department Clothing	212,173
GG0303 Courthouse Sidewalks (NICE)	4,278
IT0206 IT Fire Suppression	32,538
PD0801 Police Dog	13,072
US0611 Senior Center Remodel	449,741
US0623 Camera Project	110,271
US0638 Ediz Hook Piling Replacements	130,992
US0801 Rook Street Sidewalks (NICE)	51,997
US0802 Lincoln & 18th Street Pavement	141,398
	<u>1,186,460</u>
Other Capital Outlay:	
501 Other Equipment Services Outlay	47,437
501 Vehicle Purchases	75,407
502 IT Equipment	12,783
	<u>135,627</u>
Total Capitalized Projects	\$ 1,322,087

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Enterprise Fund Construction in Progress includes the following:

Electric Fund	
CL0016 Electric Elwha Mitigation	\$ 152,284
CL0207 Upgrade College Substation	32,875
CL0307 Monitoring System	63,510
CL0907 Canyon Edge URD Cable	32,406
US0520 Electric Tie - Hwy 101/Cherry	12,763
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Total Electric Fund	293,837
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Water Fund	
US0016 Elwha Mitigation	234,306
US0019 Downtown Water Main III	2,749,306
	<hr/>
Total Water Fund	2,983,612
	<hr/>
Wastewater Fund	
US0530 East UGA Sewer Extension	5,793,276
US0601 CSO Phase I	1,533,708
WW0305 Plant Headworks Improvements	33
WW2799 Biannual Replacements	1
WW0704 Vortex Ring Mixer	510
	<hr/>
Total Wastewater Fund	7,327,528
	<hr/>
Stormwater Fund	
DR0401 Outfalls to Streams & Marine	1,982
DR0404 Canyon Edge & Alvhers	7,950
PL8005 Streetscape/Stormwater	97,996
	<hr/>
Total Stormwater Fund	107,927
	<hr/>
Total Construction in Progress	\$ 10,712,905
	<hr/> <hr/>

The following Enterprise Fund items were capitalized in 2008:

Projects:	
CL1007 Light Operations Building Leasehold Imp	\$ 365,440
NA Electric Infrastructure Over/Underground Distrib.	848,466
NA Water Pipe and Infrastructure -Distribution Sys.	27,262
NA Interest/Bond Cost Capitalization	806,654
NA Stormwater Catch Basins	3,545
US0525 Transfer Station /PAWTP	92,593
US0643 Residual Handling Facility	160,021
US0708 Corrosion Control Facility	68,025
	<hr/>
	2,372,007
Other Capital Outlay:	
NA Electric Miscellaneous Capital Outlay	19,842
NA Water Miscellaneous Capital Outlay	9,772
NA Wastewater Infrastructure Distribution	35,981
	<hr/>
	65,595
	<hr/>
Total Capitalized	\$ 2,437,602
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City of Port Angeles

At year-end, the government's commitments with contractors are as follows:

Project	Contractual Amounts	Spent To Date	Remaining Commitment
Capital Improvement Fund Projects:			
Government Projects:			
Gateway Multi-Modal Center (Primo)*	\$ 8,548,004	\$ 8,523,078	\$ 24,926
Gateway Multi-Modal Center (Exeltech)	616,227	615,346	881
8th Street Bridge Construction (Parsons)	18,611,788	18,092,254	519,534
8th Street Bridge Construction (Exeltech)	4,845,455	4,694,626	150,829
Olympic Discovery Trail	85,675	-	85,675
Elwha Power Distribution Relocation	173,440	19,995	153,445
Dry Creek Bridge Design	82,000	25,331	56,669
Total Governmental Projects	32,962,589	31,970,630	991,959
Wastewater Utility Projects:			
East UGA Sewer (Primo)	5,031,858	4,990,862	40,996
East UGA Sewer (Brown & Caldwell)	50,000	19,612	30,388
CSO Phase 1 (Brown & Caldwell)	1,847,700	1,394,522	453,178
Total Wastewater Projects	6,929,558	6,404,996	524,562
Electric Utility Projects:			
Remote Substation Monitoring	56,233	53,983	2,250
Total Electric Projects	56,233	53,983	2,250
Contractual agreements for operations:			
CH2M Hill			
Corrosion Control Facility	38,000	25,209	12,791
Elwha Dam Mitigation	50,000	25,166	24,834
Water System Plan	235,000	114,556	120,444
General other	25,000	7,580	17,420
Aspect Consulting (Post-closure of Landfill)	58,000	10,086	47,914
Brown & Caldwell (Directed Services)	95,000	90,427	4,573
Total Operations	501,000	273,024	227,976
TOTAL CONTRACTS	40,449,380	38,702,633	1,746,747

* The Primo spent amount includes \$75,400 in change orders that are being questioned, and a prepaid amount of \$31,840.

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

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan Description

PERS is a cost sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of two percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit and a cost-of-living allowance is granted, (indexed to the Seattle Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years 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 to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise, an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

Statewide membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Active Plan Members	158,022
Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Vested	26,583
Terminated Plan Members Non-vested	<u>89,300</u>
Total	<u>345,149</u>

Funding Policy

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

City of Port Angeles

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	8.31%	8.31%	8.31**
Employee	6.00%	5.45%	***

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

**Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2008	\$40,968	\$580,598	\$120,170
2007	40,958	452,883	99,202
2006	30,715	266,607	58,278

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

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

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

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

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

Plan 2 members are vested after 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 two percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

Statewide membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Active Plan Members	16,612
Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Vested	633
Terminated Plan Members Non-vested	<u>1,489</u>
Total	<u>27,819</u>

Funding Policy

Starting on July 1, 2000, 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. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.46%
Employee	0.00%	8.83%
State	N/A	3.53%

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

Both the City of Port Angeles 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
2008	\$0	\$215,294
2007	61	203,315
2006	169	179,114

Firemen's Relief and Pension

The Volunteer Fire Fighters' Relief and Pension System is a cost-sharing multiple-employer retirement system that was created by the Legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability, and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State, except those covered by LEOFF. The system is funded through employer contributions of \$60 per year, plus \$30 for disability. Members do not earn interest on their contributions; however, they may elect to withdraw their contribution upon termination.

Firemen's Pension

Plan Description

The City's Firemen's Pension Board administers the Firemen's Pension Plan (FPP), a closed, single-employer defined benefit pension plan established and amended in conformance with Chapter 41.18 RCW. The FPP provides retirement, disability, long-term care, and death benefits to firefighters (hired prior to March 1, 1970) and their beneficiaries. As of December 31, 2008, six individuals are covered by this system, with four receiving benefits. An actuarial study of the FPP was performed by Milliman USA to determine funding requirements as of January 1, 2003. This report is available by writing to: City of Port Angeles Finance Department, P. O. Box 1150, Port Angeles, WA 98362.

Eligibility - All members are vested. Normal retirement occurs after service for a period of 25 years or more and attainment of age 50.

Benefit - 50% of basic salary plus an additional 2% of basic salary for each year of service in excess of 25 to a maximum of five additional years (maximum benefit of 60% of base salary).

Benefit Increase - For service retirement before July 1, 1969, increases in pace with the Consumer Price Index (Seattle), with a minimum annual increase of 2%.

Summary of significant accounting policies. The Firemen's Pension Fund (FPF) is reported as a trust fund in the financial statements using the accrual basis of accounting. Plan member contributions (which ceased when LEOFF was established) are recognized in the period in which the contributions are due. The city's contributions (which are not actuarially required at this time) are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at market value. The FPP's net assets as of December 31, 2008, were \$847,817. The following table identifies the concentration of investments as compared to the FPP's net assets:

Investment	Balance	As a Percent of Net Assets
Credit Suisse Asset Management (Mutual Fund)	\$ 137,267	16%
Ivy Funds (Mutual Fund)	\$ 24,262	3%
Total Investments, at market	\$ 161,529	

Funding Policy

The benefits are a result of coordination of benefits between the FPP and the Washington State LEOFF system. If the amount of benefits provided by the Firemen's Pension Retirement System exceeds the benefits provided by the LEOFF system, the City pays the difference between the two systems. When the LEOFF system was established, the employee obligation to contribute to the system ceased. The City then became liable for all funding of the system. The most recent actuarial study, which was performed by Milliman USA as of January 1, 2003, determined that the FPP is actuarially sound. Current assets at a market value of \$968,998, along with future revenues, are sufficient to pay current and future benefits of an actuarial present value of \$593,000. No deficiency is projected and no change to funding of this program was recommended. As a result, there are no long-term contracts for contributing to the Plan. Future revenue sources include a property tax levy, a portion of the Washington State fire insurance premium tax and other resources of the City may determine appropriate for funding the system. A schedule of funding progress can be found in the required supplementary information section following the notes to the financial statements.

The Firemen's Pension Board has not agreed to fund future actuarial studies as required by GASB 25 due to the limited number of plan members participating in the FPP. For 2008, the actuarial calculation was prepared by the City Finance Department using the Entry Age actuarial cost method.

NOTE 8 — RISK MANAGEMENT

The City of Port Angeles is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 129 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

City of Port Angeles

Deductibles for the City of Port Angeles are:

Property	\$5,000
Large fleet equipment	\$25,000
Earthquake and flood	\$100,000 minimum set as a percentage of the loss

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

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

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

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

All funds of the City participate in the self-insurance programs. Each fund makes payments to the self-insurance fund based on an estimate of the amount needed to pay excess insurance and related risk management costs, prior and current year claims paid in the current year, and to maintain adequate reserves for catastrophic losses in a given year.

As of December 31, 2008, the self-insurance fund had cash and reserves of \$1,293,739. Reported claims liabilities are based on the requirements of GASB Statement 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of loss can be reasonably estimated. The City of Port Angeles did not change or reduce insurance coverage from 2007 to 2008. The City did not exceed insurance coverage or have any claims beyond its deductible in 2008, carrying \$30,000 risk of loss from 2008 to 2009.

Liability Insurance Claims	2007	2008
Claims liability January 1	\$ 30,000	\$ 30,000
Claims incurred during the year	51,066	104,937
Paid claims	51,066	104,937
Claims unpaid at the end of the year	<u>\$ 30,000</u>	<u>\$ 30,000</u>

Liability is calculated on unpaid claims carried from the current year to the next year based on actuarial information provided by WCIA claims reports. This is then compared to claims received in January of the following year to verify the amount is reasonable.

The City self-insures its workers' compensation liability and buys excess insurance to cover possible large losses. The SIR is \$275,000 per occurrence for 2008.

The City's insurance program for workers' compensation, general liability, and health plan coverage (medical, dental and vision benefits) are managed by the Human Resources Office. The City also uses professional consultants on occasion for advice in financial aspects, legal matters and claims administration.

The City is self-insured for workers' compensation and administers the program through a third-party administrator. The City meets all of the State requirements for funding, including setting aside \$125,000 in reserves, and is periodically audited by the State Department of Labor and Industries for compliance.

Employee benefits are purchased through insured plans; i.e. medical, dental, vision, prescription drugs, employee assistance plan services, life insurance and long-term disability coverage.

For all insurance groups and coverage, the City did not exceed its settlement coverage in any of the last three years.

NOTE 9 – SHORT-TERM DEBT

Short term debt that could be recognized by the City is included in payables which are disclosed in Note 13. The current portion of long-term debt is disclosed in Note 10.

NOTE 10 — LONG-TERM DEBT AND LEASES

A. LONG TERM DEBT

The City issues general obligation and revenue bonds to finance the acquisition and construction of major capital facilities. Bonded indebtedness has also been entered into in prior years to advance refund general obligation and revenue bonds. General obligation bonds have been issued for general government activities and are being repaid from the applicable resources (property taxes). General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. Revenue bonds are being repaid by proprietary fund revenues.

The City acquired low-interest loans from the State Departments of Ecology and Community, Trade and Economic Development for approved public works projects. All of the loans are obligations of the Water and Wastewater Fund with the exception of the Marine Drive, Peabody Culvert and Eighth Street Reconstruction loans which are payable from the Real Estate Excise Tax Funds. The City is in compliance with federal arbitrage regulations.

1. Governmental Activities

Under RCW 39.36.020(2), the public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the assessed valuation. Within the 2.5% limit, the City Council may approve bond issues not to exceed 1.5% of the City's assessed valuation. The City's debt capacity for general purposes at the 2.5% limit is \$49.8 million. The City's remaining debt capacity for general purposes within the 2.5% limit was over \$47 million, or 2.4% as of December 31, 2008.

Under RCW 39.36.030(4), the public may also vote to approve park facilities and utility bond issues, each of which is also limited to 2.5% of the City's assessed valuation. A total of 7.5% of the City's assessed valuation may be issued in bonds. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

As of December 31, 2008, the amount available in debt service funds to pay principal and interest on general bonded debt was \$1,031,620. Outstanding long-term debt for governmental activities included: general obligation bonds - \$7,100,464, public works trust fund loans - \$1,131,103, and capital leases - \$58,882, for a total of \$8,290,449. The original amount of general obligation bonds issued in prior years was \$9,770,000.

Debt service for voted bond issues is funded with special property tax levies. Debt service for councilmanic bond issues is funded through property taxes and by interfund transfers. The general obligation bonds have various interest rates between 2.80% and 6.50% with maturity dates to 2025.

2. Business-Type Activities

As of December 31, 2008, outstanding long-term debt for business-type activities included: revenue bonds - \$16,195,000, public works trust fund loans - \$8,258,777 and Solid Waste contracts - \$8,215,929, for a total of \$32,669,706. The City has pledged income derived from capital assets of its enterprise funds to pay debt service on the revenue bonds and loans. For revenue bonds, the unamortized debt issue costs are recorded as deferred charges and the bonds are reported as current and long term (or non-current) liabilities without adjustment for premium or discount in the Electric, Water and Wastewater funds. The City capitalizes debt issuance costs, premiums and discounts. In 2008, the City received \$2,807,500 in draws against public works trust fund loans as follows: \$660,000 against the Downtown Watermain Replacement Phase III loan, \$147,500 against the Francis Street sewer main construction loan and \$2,000,000 against the Combined Sewer Overflow (CSO) Phase I construction loan.

Restricted assets in the City's enterprise funds amounted to \$1,189,820 in sinking funds and reserves as required by bond indentures. The amounts are as follows: Electric - \$172,603, Water - \$339,156, and Wastewater - \$678,061. Under Chapter 39.46.150 RCW, revenue bonds are supplementary to municipal debt limits.

BOND/LOAN TYPES	ISSUED/ MATURITY DATE	INTEREST RATE	AMOUNT AUTHORIZED	ORIGINAL ISSUE	REDEEMED THROUGH 12/31/2007	REDEEMED 2008	OUTSTANDING 12/31/2008
GOVERNMENTAL ACTIVITIES LONG-TERM DEBT							
<u>GENERAL OBLIGATION BONDS</u>							
UNLIMITED TAX GENERAL OBLIGATION BONDS (UTGO)							
Senior Center/Fire Hall Refunding	2001/2012	2.80-4.125%		2,995,000	\$ 1,445,000	\$ 330,000	\$ 1,220,000
Library Refunding	2006/2015	3.00-4.00%		2,345,000	435,000	205,000	1,705,000
Sub-total voter approved GO bonds				5,340,000	1,880,000	535,000	2,925,000
LIMITED TAX GENERAL OBLIGATION BONDS (LTGO)							
Western Urban Growth Area	2005/2025	3.00-4.50%		3,230,000	115,000	120,000	2,995,000
Multi-Modal Property	2006/2021	6.50%		1,200,000	9,851	9,685	1,180,464
Sub-total (LTGO) bonds				4,430,000	124,851	129,685	4,175,464
TOTAL GENERAL OBLIGATION BONDS				9,770,000	2,004,851	664,685	7,100,464
<u>SPECIAL ASSESSMENT BONDS</u>							
LID #193	1973/1985	7.40%		427,000	427,000	-	-
TOTAL SPECIAL ASSESSMENT BONDS				427,000	427,000	-	-
<u>PUBLIC WORKS TRUST FUND LOANS</u>							
Marine Drive Reconstruction	1992/2012	2.00%	702,000		517,263	36,947	147,790
Eighth and Peabody Creek Culvert Reconstruction	1992/2012	1.00%	86,400		63,663	4,547	18,190
Eighth Street Reconstruction	2000/2020	1.00%	1,738,800		493,650	80,427	965,123
TOTAL PUBLIC WORKS TRUST FUND LOANS				2,327,600	1,074,576	121,921	1,131,103
<u>CAPITAL LEASES</u>							
EQUIPMENT REPLACEMENT FUND:							
State of Washington Capital Asset Lending Program	1998/2008	4.394%		230,000	202,338	27,662	0
INFORMATION TECHNOLOGY FUND:							
IBM Installment Payment Agreement	2005/2008	4.50-6.90%		89,685	59,790	29,895	-
IBM Installment Payment Agreement	2005/2010	4.00-6.75%		147,205	58,882	29,441	58,882
TOTAL CAPITAL LEASES				466,890	321,010	86,998	58,882
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM DEBT				\$ 12,991,490	\$ 3,827,437	\$ 873,604	\$ 8,290,449

BOND/LOAN TYPES	ISSUED/MATURITY DATE	INTEREST RATE	AMOUNT AUTHORIZED	ORIGINAL ISSUE	REDEEMED THROUGH 12/31/2007	REDEEMED 2008	OUTSTANDING 12/31/2008
BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT							
ENTERPRISE FUNDS:							
REVENUE BONDS							
ELECTRIC FUND:							
Refunding Revenue and Refunding	2001/2022 2005/2025	2.40-4.90% 3.00-4.30%		\$ 2,560,000 3,185,000	\$ 495,000 310,000	\$ 100,000 115,000	\$ 1,965,000 2,760,000
Sub-total Electric Fund				5,745,000	805,000	215,000	4,725,000
WATER/WASTEWATER FUNDS:*							
Refunding Revenue	1988/2024 2003/2028	4.00-4.90% 2.00-5.00%		9,455,000 4,220,000	1,310,000 455,000	320,000 120,000	7,825,000 3,645,000
Sub-total Water/Wastewater Funds				13,675,000	1,765,000	440,000	11,470,000
TOTAL REVENUE BONDS				19,420,000	2,570,000	655,000	16,195,000
PUBLIC WORKS TRUST FUND LOANS							
WATER FUND:							
Sidewalk Watermain Reconstruction	1994/2014	1.00%	750,000	750,000	375,000	53,572	321,428
Downtown Sidewalk and Watermain Reconstruction	1995/2015	1.00%	240,000	240,000	133,548	13,307	93,146
Drinking Water Reservoir Covers (SRF)	1997/2018	5.00%	463,500	463,500	174,575	26,266	262,659
Downtown Watermain/Sidewalk Reconstruction (SRF)	1988/2019	3.35%	1,030,000	1,030,000	379,474	54,211	596,316
Drinking Water Reservoir Covers and Disinfection System	2000/2020	1.00%	1,168,300	1,168,300	353,949	62,642	751,709
Downtown Watermain Replacement Phase III	2004/2024	0.50%	2,200,000	2,200,000	46,316	126,687	2,026,987
Sub-total Water Fund				5,851,800	1,462,861	336,685	4,052,254
WASTEWATER FUND:							
Sewer Treatment Plant Improvements	1991/2011	1.00%	2,500,000	2,500,000	1,967,492	133,127	399,381
Francis Street Storm Sewer Reconstruction	1993/2013	2.00%	760,000	760,000	508,667	41,889	209,444
Dept. of Ecology State Revolving Fund Loan	1995/2008	4.00%	2,741,681	2,741,681	2,614,418	127,263	-
Francis Street Sewer Main (Pre-construction)	2006/2011	0.50%	590,000	590,000	-	31,053	558,947
Francis Street Sewer Main (Construction)	2007/2027	0.50%	375,000	375,000	-	-	375,000
CSO Phase I (Pre-construction)	2007/2012	0.50%	885,000	663,750	-	-	663,750
CSO Phase I (Construction)	2008/2012	0.50%	10,000,000	2,000,000	-	-	2,000,000
Sub-total Wastewater Fund				9,630,431	5,090,577	333,332	4,206,522
TOTAL PUBLIC WORKS TRUST FUND LOANS				15,482,231	6,553,438	670,016	8,258,777
SOLID WASTE CONTRACTS							
Transfer Station Facility	2006/2026	6.00%	8,398,678	8,398,678	282,413	241,646	7,874,618
Moderate Risk Waste Facility	2006/2026	6.00%	364,025	364,025	12,241	10,474	341,311
TOTAL SOLID WASTE CONTRACTS				8,762,703	294,654	252,120	8,215,929
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT				43,664,934	9,418,092	1,577,137	32,669,706
GRAND TOTAL LONG-TERM DEBT				\$ 56,656,424	\$ 13,245,529	\$ 2,450,741	\$ 40,960,154

*Revenues from both the Water and Wastewater Funds are pledged for debt service payments on revenue bonds.

City of Port Angeles

Year Ending 12/31	Governmental Activities Debt Service Requirements To Maturity							
	General Obligation Bonds		Public Works Trust Fund Loans		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	690,325	315,230	121,921	12,789	29,441	3,012	841,687	331,031
2010	716,006	290,348	121,921	11,200	29,442	3,012	867,369	304,560
2011	746,734	261,421	121,921	9,612	-	-	868,655	271,033
2012	557,510	231,246	121,925	8,022	-	-	679,435	239,268
2013	413,335	208,420	80,427	6,434	-	-	493,762	214,854
2014-2018	1,451,112	807,300	402,135	20,107	-	-	1,853,247	827,407
2019-2023	2,055,442	401,264	160,853	2,413	-	-	2,216,295	403,677
2024-2028	470,000	31,125	-	-	-	-	470,000	31,125
Total	7,100,464	2,546,354	1,131,103	70,577	58,883	6,024	8,290,450	2,622,955

Year Ending 12/31	Business-Type Activities Debt Service Requirements To Maturity							
	Revenue Bonds		Public Works Trust Fund Loans		Solid Waste Transfer Station Contracts Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	680,000	727,199	728,428	81,968	267,671	485,674	1,676,099	1,294,840
2010	705,000	702,163	833,691	72,769	284,180	469,165	1,822,871	1,244,097
2011	735,000	674,156	833,691	63,929	301,708	451,637	1,870,399	1,189,722
2012	760,000	643,700	700,565	55,094	320,316	433,029	1,780,881	1,131,823
2013	790,000	611,775	534,627	47,587	340,072	413,272	1,664,699	1,072,634
2014-2018	4,695,000	2,502,480	2,209,477	149,791	2,042,086	1,724,638	8,946,563	4,376,909
2019-2023	5,570,000	1,344,946	1,593,191	45,528	2,754,467	1,012,256	9,917,658	2,402,730
2024-2028	2,260,000	246,383	825,106	10,447	1,905,429	166,268	4,990,535	423,098
Total	16,195,000	7,452,801	8,258,775	527,112	8,215,929	5,155,939	32,669,704	13,135,852

B. CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2008, the following changes occurred in long-term liabilities:

City of Port Angeles

	Balance at 1/1/2008	Additions	Reductions	Balance at 12/31/2008	Current Amount Due
GOVERNMENTAL ACTIVITIES:					
Bonds Payable:					
General Obligation Bonds	7,765,149	-	664,685	7,100,464	690,325
Public Works Trust Fund Loans	1,253,026	-	121,923	1,131,103	121,921
Total Bonds/Loans Payable	9,018,175	-	786,608	8,231,567	812,247
Capital Leases	145,880	-	86,998	58,882	29,441
Other post-employment benefits payable	-	556,218	-	556,218	-
Compensated Absences	1,409,180	86,382	-	1,495,562	610,168
Governmental activities long-term liabilities:	<u>\$ 10,573,235</u>	<u>\$ 642,600</u>	<u>\$ 873,606</u>	<u>\$ 10,342,228</u>	<u>\$ 1,451,856</u>
BUSINESS-TYPE ACTIVITIES:					
Bonds Payable:					
Revenue Bonds	16,850,000	-	655,000	16,195,000	680,000
Public Works Trust Fund Loans	6,121,290	2,807,500	670,017	8,258,773	728,427
Total Bonds/Loans Payable	22,971,290	2,807,500	1,325,017	24,453,773	1,408,427
Solid Waste Contracts Payable:					
Transfer Station	8,116,265	-	241,647	7,874,618	256,550
Moderate Risk Waste Facility	351,784	-	10,473	341,311	11,120
Total Solid Waste Contracts Payable	8,468,049	-	252,120	8,215,929	267,670
Compensated Absences	681,316	34,624	135,181	580,759	277,373
Landfill Closure Costs Payable:					
Closure Costs	64,095	-	-	64,095	-
Post-Closure Costs	3,721,257	-	27,067	3,694,190	-
Total Landfill Closure Costs Payable	3,785,352	-	27,067	3,758,285	-
Business-Type activities long-term liabilities:	<u>\$ 35,906,007</u>	<u>\$ 2,842,124</u>	<u>\$ 1,739,385</u>	<u>\$ 37,008,746</u>	<u>\$ 1,953,470</u>

Long-term liabilities for Internal Service Funds are included as part of the above total for governmental activities. At year end, \$41,323 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

C. REFUNDED DEBT

In prior years the City defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. At December 31, 2008, \$2,915,000 of general obligation bonds, \$4,075,000 of electric, and \$8,005,000 of water/wastewater revenue bonds outstanding are considered defeased.

D. LEASES

1. Operating Leases

The City leases various pieces of equipment from Waste Connections, Inc. for use at the transfer station under a non-cancelable operating lease. The \$749,169 lease commenced in 2007 and expires in 2026. Upon expiration of the term of the lease, the City has the option to purchase from or return the equipment to the lessor. For the year ended December 31, 2008, total costs for the lease were \$64,407. The future minimum lease payments including 6% interest are as shown:

Year Ending December 31	Amount
2009	64,408
2010	64,407
2011	64,408
2012	64,407
2013	64,408
2014-2018	322,036
2019-2023	322,035
2024-2028	177,121
Total	<u>\$ 1,143,230</u>

2. Capital Leases

As of December 31, 2008, the City had one capital lease outstanding totaling \$58,882. This is a computer equipment lease. As such, the assets, liabilities and payments for principal and interest associated with this lease is accounted for and reported in those funds.

In 1998, the City entered into a lease agreement to finance the purchase of a fire pumper truck for \$230,000 with no down payment. At year-end, accumulated depreciation amounted to \$127,615. As of December 31, 2008, the lease to purchase the fire pumper truck has been fully satisfied.

In 2005, two lease agreements for the acquisition of computer equipment commenced, also with no down payment. One lease is for five years amounting to \$147,205, and the other is for three years for \$89,685. At year-end, accumulated depreciation amounted to \$97,485 on the computer equipment under the five-year lease and \$93,188 on computer equipment under the three-year lease. As of December 31, 2008, the three-year computer equipment lease has been fully satisfied. These lease agreements qualify as capital leases for accounting purposes and, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008 were as follows:

Year Ending December 31	Governmental Activities
2009	29,441
2010	29,441
Total Minimum Lease Payments	58,882
Less: Interest	(6,024)
Present Value of Minimum Lease Payments	<u>\$ 52,858</u>

E. ARBITRAGE

Arbitrage is the reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities. Interest earnings in excess of interest expense must be rebated to the federal government. The City reviewed the applicability of arbitrage rebate regulations on its outstanding tax-exempt bonds and is in compliance with those regulations.

NOTE 11 — CONTINGENCIES AND LITIGATIONS

The City of Port Angeles 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 self-insurance reserves are adequate to pay all known or pending claims.

The City is liable for repayment of refunded debt. Refunded debt is discussed in Note 10.

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. Other than the instances described above, City management believes that such disallowances, if any, will be immaterial.

NOTE 12 – INTERFUND TRANSACTIONS

A. INTERFUND BALANCES

Interfund transactions are classified as follows:

1. Services Provided – Transactions that would be treated as revenues, expenditures or expenses if they involve external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City.
2. Transfers – Transactions to support the operations of other funds are recorded as “Transfers” and classified with “Other Financing Sources or Uses” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-wide financial statements. Transfers of remaining balances when funds are closed are classified as transfers.
3. Loans/Advances – Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds in the fund statements. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity. Loans and Advances are subject to elimination upon consolidation.
4. Interfund Balances (Due to/from other funds) - The outstanding balances between funds result from the time lag between when goods and services are provided and when transactions are recorded in the accounting system and to meet short-term cash flow needs.

Interfund balances at December 31, 2008, were as follows:

RECEIVABLE/PAYABLE FUND	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General	\$ 163,378	\$ -
Recreational Activities	-	71
Electric	-	100,569
Water	-	21,409
Wastewater	-	23,917
Solid Waste Collection	-	17,413
Total	<u>\$ 163,378</u>	<u>\$ 163,378</u>

B. INTERFUND TRANSFERS

Interfund transfers include financial outflows to other funds without equivalent flows of assets in return, or without a requirement for repayment.

Transfers from the General Fund equaled \$2,848,616 with the majority for capital improvements. Interfund transfers are the method by which tax monies are disbursed for operations of specific activities within the city. Included are:

- \$598,500 to Special Revenue Funds to support operating activities:
 - o \$60,000 to Economic Development Fund
 - o \$391,000 to Street Fund
 - o \$147,500 to Recreational Activities Fund
- \$45,116 to Debt Service Funds for payment of governmental debt.
- \$1,850,000 to Capital Improvement Funds for three capital projects.
- \$300,000 to Enterprise Funds to support Medic I operations.
- \$55,000 to Esther Webster Trust Fund to support operations at the Fine Arts Center.

Transfers from the Special Revenue Funds equaled \$2,786,371, including:

- \$235,000 from the Criminal Justice Fund to the General Fund for Attorney and Police support.
- \$511,663 transferred from one Special Revenue fund to another, including:
 - o \$30,000 from Lodging Tax Fund to Recreation Fund in support of parks activities.
 - o \$25,000 from Electric Utility Rural Economic Development Revolving Fund to Economic Development Fund for economic development.
 - o \$449,663 from Economic Development Fund to newly created Cultural Resources Fund for archaeology operations.
 - o \$7,000 from Drug Task Force Fund to Firearms Range Fund for project support.
- \$39,708 to Water Fund for payment of debt service on downtown Laurel Street sidewalk project:
 - o \$17,818 from Lodging Tax Fund
 - o \$21,890 from Real Estate Excise Tax Fund #1
- \$2,000,000 from Economic Development Fund to Capital Improvement Fund in support of Gateway project.

Transfers from the Capital Improvement Funds equaled \$53,822, which included:

- \$52,490 from the Property Management Fund to the Park Improvement Fund from tree removal at Lincoln Park.
- \$1,332 from the Senior Center Construction Fund to the Capital Improvement Fund in order to close the fund.

Transfers from Enterprise Funds equaled \$2,256,855, which included:

- \$59,200 to the General Fund as a return on investment.
- \$295,000 to Special Revenue Funds, including
 - o \$125,000 to Street Fund for street sweeping related to storm drain clean-up.
 - o \$120,000 to Economic Development Fund for economic development programs, including:
 - \$60,000 from Electric Fund
 - \$30,000 from Water Fund
 - \$30,000 from Wastewater Fund
 - o \$50,000 to Electric Utility Rural Economic Development Fund for economic development projects

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- \$204,149 to 2005 LTGO Debt Service Fund for repayment of bond, including:
 - \$23,182 from Electric Fund
 - \$126,627 from Water Fund
 - \$54,340 from Wastewater Fund
- \$130,000 to Capital Projects Funds, including:
 - \$75,000 to Capital Improvement Fund for the NICE Program, including:
 - \$25,000 from Electric Fund
 - \$25,000 from Water Fund
 - \$25,000 from Wastewater Fund
 - \$55,000 from Stormwater Fund to Capital Improvement Fund, including:
 - \$15,000 for Gateway Project
 - \$40,000 for infrastructure improvements
- \$1,568,506 transferred from Electric Fund to Electric Conservation Fund, including:
 - \$1,220,854 to establish the new Conservation Fund
 - \$347,652 for conservation programs

Transfers at December 31, 2008, were as follows:

Fund		Transfers Out				
		General Fund	Special Revenue Funds	Capital Improvement Funds	Enterprise Funds	Total
Transfers In	General Fund	\$ -	\$ 235,000	\$ -	\$ 59,200	\$ 294,200
	Special Revenue Funds	598,500	511,663	-	295,000	1,405,163
	Debt Service Funds	45,116	-	-	204,149	249,265
	Capital Improvement Funds	1,850,000	2,000,000	53,822	130,000	4,033,822
	Enterprise Funds	300,000	39,708	-	1,568,506	1,908,214
	Permanent Funds	55,000	-	-	-	55,000
Total		\$ 2,848,616	\$ 2,786,371	\$ 53,822	\$ 2,256,855	\$ 7,945,664

NOTE 13 - RECEIVABLE AND PAYABLE BALANCES

A RECEIVABLES

Receivables at December 31, 2008, were as follows:

Governmental Activities				Due From	Due From			Total
	Accounts	Taxes	Interest	Other Governments	Other Funds	Other		
General Fund	\$ 327,694	\$ 322,043	\$ 41,594	\$ 39,548	\$ 163,378	\$ 11,612		\$ 905,869
Capital Improvement	-	-	-	98,162	-	-		98,162
Equipment Services	13,543	-	31,795	-	-	-		45,338
Information Technology	35,992	-	6,961	-	-	-		42,953
Self-Insurance	6,256	-	7,351	-	-	-		13,607
Economic Development	-	-	33,723	-	-	151,108		184,831
Pencom	69,429	-	4,539	126,407	-	-		200,375
PA Housing Rehab.	-	2,415	-	237,969	-	1,102,478		1,342,862
Treatment Plant Op & Mnt.	-	-	42,978	-	-	-		42,978
Other Funds	15,271	47,752	28,534	1,029	-	-		92,586
Total Governmental Activities	\$ 468,185	\$ 372,210	\$ 197,475	\$ 503,115	\$ 163,378	\$ 1,265,198		\$ 2,969,561
Reconcile to Government-Wide Statements								
Taxes Receivable	-	(611,638)	-	-	-	-		(611,638)
Due From Other Funds	-	-	-	-	(163,378)	-		(163,378)
	\$ 468,185	\$ (239,428)	\$ 197,475	\$ 503,115	\$ -	\$ 1,265,198		\$ 2,194,545
Business Type Activities								
Business Type Activities	Accounts	Taxes	Interest	Due From Other Governments	Due From Other Funds	Other	Total	
Electric	\$ 4,348,576	\$ -	\$ 40,433	\$ 159,780	\$ -	\$ -		\$ 4,548,789
Water	668,693	-	13,011	-	-	-		681,704
Wastewater	743,206	-	56,630	-	-	8,129		807,965
Solid Waste Collection	418,048	-	18,521	-	-	-		436,569
Solid Waste Transfer Station	387,290	-	34,864	28,124	-	-		450,278
Stormwater	5,050	-	2,285	74,692	-	-		82,027
Medic 1	257,151	-	252	-	-	-		257,403
Total Business Type Activities	\$ 6,828,014	\$ -	\$ 165,996	\$ 262,596	\$ -	\$ 8,129		\$ 7,264,735

B. PAYABLES

Payables at December 31, 2008, were as follows:

Governmental Activities	Accounts	Salaries and Benefits	Long-Term Debt Current	Due to Other Governments	Due to Other Funds	Other	Total
General Fund	\$ 463,973	\$ 447,669	\$ -	\$ 37,242	\$ -	192,638	\$ 1,141,522
Capital Improvement	591,842	-	-	-	-	2,364	594,206
Equipment Services	128,835	15,931	-	208	-	-	144,974
Information Technology	402,370	15,849	29,441	381	-	6,024	454,065
Self-Insurance	257,140	286	-	-	-	4,343	261,769
Pencom	65,891	55,992	-	-	-	-	121,883
PA Housing Rehab.	160,427	-	-	100,000	-	1,102,478	1,362,905
Other Funds	86,725	58,169	-	97,052	71	28,631	270,648
Total Governmental Activities	\$ 2,157,203	\$ 593,896	\$ 29,441	\$ 234,883	\$ 71	1,336,478	\$ 4,351,972
Reconcile to Government-Wide Statements							
Due to other funds	-	-	-	-	(660)	-	(660)
Bond Debt	-	-	690,325	-	-	-	690,325
Compensated Absences	-	-	-	-	-	610,168	610,168
Other Current Debt	-	-	121,922	-	-	-	121,922
	\$ 2,157,203	\$ 593,896	\$ 841,688	\$ 234,883	\$ (589)	\$ 1,946,646	\$ 5,773,727
Business Type Activities							
	Accounts	Salaries and Benefits	Long-Term Debt Current	Due to Other Governments	Due to Other Funds	Other	Total
Electric	\$ 3,000,210	\$ 96,694	\$ 225,000	\$ 116,959	\$ 100,569	477,928	\$ 4,017,360
Water	48,481	35,782	484,084	17,016	21,409	51,689	658,461
Wastewater	69,030	38,757	699,343	96,235	23,917	122,741	1,050,023
Solid Waste Collection	95,516	17,236	-	11,684	17,413	96,389	238,238
Solid Waste Transfer Station	669,023	9,293	267,670	14,583	-	68,761	1,029,330
Stormwater	9,737	3,751	-	1,922	-	-	15,410
Medic 1	9,100	38,339	-	423	-	49,601	97,463
Electric Conservation	39,735	-	-	-	-	-	39,735
Total Business Type Activities	\$ 3,940,832	\$ 239,852	\$ 1,676,097	\$ 258,822	\$ 163,308	867,109	\$ 7,146,020

NOTE 14 — JOINT VENTURES

Joint Venture with Peninsula Communications Center (PenCom)

The Peninsula Communications Center (PenCom), an emergency dispatch operation, was established August 21, 1990 when a service agreement was entered into by the City of Port Angeles and the various other governmental entities.

Participant	Service Agreement Signature Date
City of Forks*	10/1/2008
City of Sequim	2/18/1992
Clallam County	8/14/1990
Clallam County Rural Fire Protection District #1	1/1/2009
Clallam County Rural Fire Protection District #2	8/14/1990
Clallam County Rural Fire Protection District #3	2/18/1992
Clallam County Rural Fire Protection District #4	8/14/1990
Clallam County Rural Fire Protection District #5	8/14/1990
Clallam County Rural Fire Protection District #6	1/1/2009
Elwha Tribal Police	8/14/1990
Forks Ambulance	1/1/2009
Jamestown S'Klallam Fish and Game	1/1/2007
Olympic National Park	8/14/1990
Quileute Tribal Police	4/1/2004

*Pencom provide limited service to the City of Forks beginning 1/29/2008, but became a full member on the date above.

The agreement is sanctioned by the provisions and terms of the "Interlocal Cooperation Act" pursuant to RCW 39.34. The agreement was renewed effective January 1, 2004, and continues year-to-year. Termination of the agreement is accomplished only by legislative act of their respective governing body, communicated to the City in writing. Such withdrawal becomes effective on December 31 of the year in which notice of withdrawal is received.

PenCom was established to provide for improved consolidated emergency communications (dispatch) services on a 24 hour basis for police, fire, and medical aid to the participating cities, tribes, national park and county.

The allocation of financial participation among the participating entities is based on varying criteria and the formula for determining the shared costs was reviewed and changed effective January 1, 2004. This agreement was updated again on November 8, 2007, applicable only to Olympic National Park, providing a minimum charge of \$10,000. All expenses incurred by PenCom are paid by the City and shared equitably by the City and all other participating agencies. The shared budget is calculated by subtracting all other revenue sources made available to PenCom with the remainder shared by participants on a percentage of use basis. An adjusted percentage of use for each of the two major dispatch functions (Law Enforcement and Fire/Emergency Medical Services) of PenCom is calculated by multiplying the law enforcement and fire dispatch activity by a factor of 1.0 and the EMS dispatch activity by a factor of 1.5. Fire/EMS agencies are each assessed a percentage of use of the Fire/EMS portion of the budget by determining the total number of Fire/EMS calls-for-service. Law enforcement agencies are assessed a base amount of \$2,000 per sworn officer and those agencies using additional computer records services share the balance of the law enforcement portion of the budget based on percentage of use by determining the total number of law enforcement calls for service.

Other revenue sources are E9-1-1 excise tax revenues collected pursuant to RCW 38.52 by Clallam County for the operation of the enhanced 9-1-1 telephone system and a .1% use and excise tax pursuant to RCW 82.14.420. This latter revenue source was approved by Clallam County voters during the 2003 general election to obtain funds for costs associated with financing, designing, acquiring, constructing, equipping, operating, maintaining, remodeling, repairing, re-equipping and improving the enhanced 911 communication systems and facilities. Collection of this tax began April 1, 2004. Clallam County places 25% of this revenue in a dedicated fund for PenCom capital purchases. The remainder is transferred to PenCom for operational purposes.

PenCom is served by an Advisory Board which is the operations policy recommending body for PenCom. The board is composed of a representative from each agency using PenCom's services under contract. The Advisory Board has the authority to:

- A. Make recommendations for the operation of PenCom in accordance with industry standards.
- B. Recommend approval of the joining of any other parties eligible to participate.
- C. Recommend services provided to each agency including the use of PenCom's computerized fire or law enforcement records management systems.
- D. Review the financial contribution of the participants and recommend adjustments in the same if the board finds that any of the parties is bearing an inequitable share of PenCom's costs.
- E. Prior to PenCom's budget approval, the communications manager meets, upon request, with the legislative body of any of the participating agencies to review PenCom's budget and discuss the Board's recommendations.

The City of Port Angeles provides the following:

- A. Sufficient staff to operate and maintain PenCom using employees of the City.
- B. Employs and assigns the manager who manages the day-to-day operation of PenCom and is responsible to the City of Port Angeles Chief of Police.
- C. Communications and records services including maintaining a public safety answering point for all telephone calls for emergency assistance, the development and utilization of a computer aided dispatch system, and the performance of other tasks and services necessary and proper for the efficient operation of a comprehensive emergency communications system.
- D. Physical facilities and necessary support for PenCom in City buildings.

Clallam County provides maintenance of the AS400, a software platform, at the cost of \$18,000 per year. The County provides 30 hours per month in personnel time for maintenance and programming of the AS400 in exchange for the City providing the facility and its support for PenCom. Peninsula Communications is the primary public safety answering point for all 9-1-1 calls in Clallam County and for Olympic National Park in Clallam and Jefferson Counties. The Enhanced 9-1-1 system was fully operational on April 10, 1996 and was upgraded in 2003 with new telephone equipment and 24 hour logging recorder. The addition of mapping in order to locate wireless 9-1-1 callers was added in 2004.

It is the responsibility of the manager to prepare an annual budget which includes all necessary and required expenditures and anticipated revenues. The budget is reviewed by the Advisory Board and, with its recommendation, submitted to the City Council for approval. User agencies make their financial payments for the cost of operation of PenCom on a quarterly basis. Each user agency is adjusted in the first quarter of each subsequent year to reconcile any overpayment or underpayment by any individual participant for the previous year.

PenCom is accounted for as a Special Revenue fund. The fund balance as of December 31, 2008, was \$908,314. This is sufficient to cover operating costs on an ongoing basis. From 2004 forward, PenCom carries no debt. Additional revenues are generated via a 1/10 of one percent sales tax, providing PenCom with stable funding. Twenty-five percent of revenues are earmarked toward capital improvements. The financial statements for this fund can be obtained from the City of Port Angeles Finance Department, P. O. Box 1150, Port Angeles, WA 98362.

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS

Law Enforcement Officer and Fire Fighters' (LEOFF) Plan 1

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when the benefits will be paid. In adopting the requirements of GASB Statement 45 during the year ended December 31, 2008, the City recognizes the cost of post-employment healthcare in the year the services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 15 years, commencing with the 2008 liability.

Plan Description. The City provides continuation of medical insurance coverage to employees that retire under the State's Law Enforcement Officer and Fire Fighters' (LEOFF) Plan 1 as required by Revised Code of Washington (RCW) Chapter 41.26. LEOFF 1 covers all police officers and fire fighters who were hired prior to October 1, 1977 and medical coverage continues for the life of the retiree. The local County Disability Board administers the medical provisions of the plan and determines whether medical services are deemed necessary and reasonable costs for those services. Under the requirements of LEOFF 1, the City provides the same benefits to LEOFF 1 employees who retire due to a disability.

The number of participants as of December 31, 2008, the effective date of the OPEB valuation, is 32. All 32 members are inactive as the last active LEOFF 1 member retired from service in mid-2007.

Funding Policy. The City currently funds post-employment healthcare benefits on a pay-as-you-go basis. The City finances the plan by purchasing medical insurance and self-funding vision and medical benefits not covered by the insurance. The expenditures are budgeted in the Police and Fire Department's annual operating budget. The City reimburses 100% of the amount of validated claims for medical, dental and hospitalization costs incurred by pre-Medicare retirees and their dependents. The contribution requirements of plan members and the City are established by the Washington State Legislature and may be changed by legislative action.

Annual OPEB cost and Net OPEB Obligation. The city's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 15 years as of December 31, 2008. For 2008, the City's Annual Required Contribution (ARC) and the City's annual OPEB cost are equal. The net OPEB obligation of \$556,218 is included as a noncurrent liability on the Statement of Net Assets and in the changes in Long-Term Liabilities section of Note 10.

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The following shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual Required Contribution	<u>\$ 845,236</u>
Annual OPEB cost (expense)	845,236
Contributions made	<u>(289,018)</u>
Increase in net OPEB obligation	<u>556,218</u>
Net OPEB obligation – end of year	<u><u>\$ 556,218</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 845,236	34.2%	\$ 556,218

Funded Status and Funding Progress. As of December 31, 2008 the Actuarial Accrued Liability (AAL) was \$9,077,453.

Actuarial Methods and Assumptions used the alternative measurement method permitted under GASB Statement No. 45. Termination and mortality rates were assumed to follow the LEOFF 1 termination and mortality rates used in the September 30, 2006 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 16 — CLOSURE AND POSTCLOSURE CARE COST

The landfill closed December 31, 2006. Ongoing postclosure activity continues.

State and federal laws and regulations require that the City place a final cover on its landfill when closed, and perform certain maintenance functions at the landfill site for thirty years after closure. The City will make annual contributions to finance these post closure care costs as required. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in 2008 based on the future post closure care costs.

The City is in compliance with funding requirements, and at December 31, 2008, cash reserves of \$3,758,285 are being held for postclosure purposes, an increase of \$37,028. These amounts are reported as restricted assets and non-current liabilities on the Statement of Net Assets. The change in liability is disclosed in Note 10B.

The landfill has been capped, therefore capacity is at 100%. Inflation for post closure costs along with interest earnings have been taken into account in establishing adequate funding levels. Possible changes in technology or changes in landfill laws and regulations may change the actual costs for post closure.

NOTE 17 - OTHER DISCLOSURES

A. CLOSED FUNDS

The following fund was closed in 2008:

- Senior Center Construction Fund

The remaining balance amount was transferred out as indicated in Note 12.

B. FUND CHANGES

In addition to the fund closures listed above, the following fund changes were made during 2008:

- The Cultural Resources Fund was created in order to track revenues and expenditures related to the City's archaeology program. Prior to 2008, the archaeology program was included as part of the Economic Development Fund. There was a transfer of \$449,663 from the Economic Development Fund in order to establish the new fund.
- In 2008, the City established the new Conservation Fund to monitor financial activity related to the conservation program, including loans to residential, business, and industrial customers. In previous years, the conservation program was included in the Electric Fund. A transfer in the amount of \$1,220,854 was made from the Electric Fund in 2008 in order to establish the new Conservation Fund.

C. OTHER

Port Angeles Fine Arts Center

In 1985, by agreement between the City and the Esther Webster Trustees, the Port Angeles Fine Arts Center was formed. In February 1986, the City adopted ordinance #2380 which established the Esther Webster Fine Arts Center Trust Fund.

The Trustees of the fund set the policies for the center, with the plan to fund all future activities from the earnings on the initial deposit. The original investment cannot be used for operating activities, only the gain on investments, and interest, can be spent. During 2008, the investments of the Fine Arts Center lost significant value due to declining market conditions. The Fine Arts Center Board voted to use a portion of the original \$671,981 investment in an effort to continue operating the Fine Arts Center. The restricted, nonexpendable assets dropped to \$576,741 as of December 31, 2008.

D. EXTRAORDINARY ITEM

A class action lawsuit was filed against Bonneville Power Administration (BPA) based on an incorrect rate structure charged to municipal customers from 2005-2007. A May 2007 court ruling required BPA to provide a settlement to its public utility customers for this overpayment. In April 2008, a settlement

was reached between BPA and the City of Port Angeles resulting in a \$3.0 million cash payment from BPA to the City. In June 2008, just under \$2.0 million of the refund was paid to Nippon Paper Industries as a result of changes to the wholesale BPA rate for 2005-2007. The net amount of the settlement is classified as an extraordinary item on the financial statements.

E. SUBSEQUENT EVENTS

Pool

During the 2009 Budget process, the City Council made the decision to stop funding the William Shore Memorial Pool as of March 31, 2009 due to financial shortfalls in the budget. Members of the community have since formed a group to raise funds to save the pool, and a special election is currently scheduled for May 2009 to vote on the formation of a Metropolitan Park District as a permanent funding source for future pool operations. If the pool election is unsuccessful, the pool will close no later than June 15, 2009. In the meantime, adequate pool donations have been raised in order to keep the pool open until that date.

Bond Insurance

The City insures seven of its bonds with four different insurers which are rated by Moody's Investors Service. As a result of the change in bond insurance sector ratings, the City's bond ratings continue to be affected. The insured rating of each of the City's bond was Aaa at the time of issue. The City insures its bonds with National Insurance Corp. (formerly MBIA Insurance Corp.), Ambac Assurance Corp., Syncora Inc. (formerly XL Capital Assurance, Inc.), and Financial Guaranty Insurance Co. (FGIC). XL Capital, now Syncora, has been downgraded each quarter in 2008 by Moody's. As of March 2009, The rating for Syncora is Ca. Ambac Assurance Corp. has also been downgraded each quarter in 2008, residing at Baa1, with a negative outlook as of March 2009. MBIA shifted the bond insurance portion of their business to a new company, National Public Finance Guarantee Corp., currently rated Baa1 with a positive outlook. Moody's downgraded FGIC's rating to Caa3. In September of 2008, FGIC reinsured the City's bond issue with the new National Public Finance Guarantee Corp.

Due to the downgraded ratings of financial guarantors, four of the City's bond ratings have been downgraded from an insured rating of Aaa to a lower insured rating, equal to the higher of the City's underlying rating or the downgraded rating of the financial guarantor. As of March 2009, these ratings remain the same as the prior year.

The table below summarizes the City's bond ratings:

Bond Issue	City Bond Ratings ¹		Insurer	Moody's Rating Status		
	Underlying	Insured		Rating	Outlook	Down-graded
2001 UTGO Refunding (Sr Ctr/Fire Hall)	A2	Aaa	National Public Finance Guarantee Corp. ²	Baa1	RUR	2/18/09
2005 UTGO Refunding (Library)	A2	Aaa	Syncora, Inc. ³	Ca	DEV	3/9/09
2005 LTGO WUGA	A3	Aaa	Syncora, Inc. ³	Ca	DEV	3/9/09
1998 Water/Sewer Refunding	A3	Aaa	FGIC (Financial Guaranty Insurance Co.)	Caa3	NEG	3/24/09
2001 Electric Refunding	A3	Aaa	Ambac Assurance Corp.	Baa1	NEG	3/3/09
2003 Water/Sewer Revenue	A3	Aaa	National Public Finance Guarantee Corp. ²	Baa1	RUR	2/18/09
2005 Electric Rev & Refunding	A3	Aaa	Syncora, Inc. ³	Ca	DEV	3/9/09

¹Bolded rating is as of March 31, 2009.

²Formerly MBIA Insurance Corp.

³Formerly XL Capital Assurance, Inc.

Definitions:

RUR - Rating Under Review

NEG - Negative outlook

DEV - Developing Outlook

*National Insurance Corp. is under review for possible upgrade.

**Ambac Assurance Corp. is under review for possible downgrade.

Source: Moodys.com

REQUIRED SUPPLEMENTARY INFORMATION

**Firemen's Pension Plan
Schedule of Funding Progress**
(in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) ¹	Unfunded Actuarial Accrued Liabilities (UAAL) ²	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
January 1, 1997	\$ 949	\$ 634	\$ (315)	150%	\$ 115	(274)
January 1, 2003	1,088	593	(495)	183	-	N/A
January 1, 2009	854	644	(197)	133	-	N/A

¹ Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.

² Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

Source: Actuarial Valuation of Firefighters' Pension Fund, January 1, 2003 and January 1, 1997 prepared by Milliman USA. Actuarial Valuation of Firefighters' Pension Fund, January 1, 2009 prepared by the City of Port Angeles Finance Department, which includes long term care costs which were adopted in 2006 into the Firefighters Pension Plan. Other valuation criteria can be obtained from the City's Finance Department.

**Firemen's Pension Plan
Schedule of Employer Contributions**

Fiscal Year Ending	Medical Payments	Fire Insurance Premiums	Total Employer Contributions	Annual Required Contribution (ARC) ¹	Percentage of ARC Contributed
December 31, 2003	\$ (33,012)	\$ 13,218	\$ (19,794)	\$ (39,904)	N/A
December 31, 2004	(69,838)	14,719	(55,119)	N/A	N/A
December 31, 2005	(78,336)	15,027	(63,309)	N/A	N/A
December 31, 2006	(94,539)	17,046	(77,492)	N/A	N/A
December 31, 2007	(65,648)	18,457	(47,191)	N/A	N/A
December 31, 2008	(69,022)	19,193	(49,829)	N/A	N/A

Source: City of Port Angeles Finance Department

¹ If the amount is less than zero no contribution is required.

REQUIRED SUPPLEMENTARY INFORMATION

**Other Postemployment Benefits - LEOFF 1
Schedule of Funding Progress**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) ¹	Unfunded Actuarial Accrued Liabilities (UAAL) ²	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
December 31, 2008	\$ -	\$ 9,077,453	\$ 9,077,453	0%	-	N/A

¹ Actuarial present value of benefits less actuarial present value of future normal costs based on Alternative Measurement Method.

² Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

Source: Actuarial calculation was performed using the Washington State Actuary's Office alternative measurement method.

**Other Postemployment Benefits - LEOFF 1
Schedule of Employer Contributions**

Fiscal Year Ending	LEOFF 1 Payments	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2008	\$ 289,018	\$ 845,236	34.2%

Non-Major Governmental Funds

Special Revenue Funds

Lodging Excise Tax Fund – accounts for 4% excise tax on lodging establishments to be used for tourism promotion or acquisition or operation of tourism-related facilities.

Street Fund – accounts for monies related to maintenance, construction, improvements, and minor repairs of City streets.

Economic Development Fund – accounts for monies related to promoting and enhancing economic growth and employment opportunities in the City and North Olympic Peninsula region.

Cultural Resources Fund – accounts for funds received from the State of Washington as part of the settlement agreement for the former Graving Dock site and designated for archaeological purposes.

Community Development Grants Fund – accounts for monies received under the Community Development Block Grant program.

Real Estate Excise Tax #1 Fund – accounts for proceeds related to the 0.25% excise tax assessed on the sale of real estate in the City of Port Angeles authorized by RCW 82.46.010. REET #1 funds may only be used for capital projects identified in a capital improvement plan.

Real Estate Excise Tax #2 Fund – accounts for the second 0.25% excise tax authorized by RCW 82.46.035. REET #2 revenues are restricted to finance capital projects specified in a capital facilities plan element of a comprehensive plan and limited to streets, water, storm/sanitary sewer, and parks projects.

PenCom Fund – accounts for monies related to the operation of Peninsula Communications (PenCom), the County-wide emergency communications and records management center operated by the Port Angeles Police Department.

Criminal Justice Fund – accounts for revenue received from the 1/10 of 1% local option sales tax for criminal justice purposes.

K-9 Program Fund – accounts for contributions and donations related to the Police Department's K-9 program.

Electric Utility Rural Economic Development Fund – accounts for revenue from the Electric Utility Fund for economic development activities.

Treatment Plant Operations and Maintenance Fund – accounts for funds received from the National Park Service and interest earned on those funds to mitigate the operation and maintenance costs of a new water treatment plant that will be required to be constructed due to removal of the Elwha Dam.

Port Angeles Housing Rehab Fund – accounts for revolving loans issued to low income homeowners for home improvements.

Recreational Activities Fund – accounts for revenues and expenditures related to special events, sports, and recreation programs.

Firearms Range Fund – accounts for monies appropriated for or received from other law enforcement agencies for construction, operation, and maintenance of the law enforcement firearms range.

Drug Task Force Fund – accounts for monies related to the operation of the Clallam County Drug Task Force.

Senior Center Maintenance Fund – accounts for proceeds received from the Bonneville Power Administration as a conservation refund for the construction of the Senior Community Center. Funds are designated for maintenance and improvements to the Senior Center.

Waterfront Trail Fund – accounts for monies received from private sources for construction of, and improvements to, the Waterfront Trail.

Contingency Fund – accounts for funds restricted for future unforeseen emergencies which could not have been known at the time the annual budget was adopted. According to RCW 35A.33.145, the total amount accumulated in this fund cannot exceed the equivalent of 37.5 cents per \$1,000 of assessed valuation of property in the City.

Debt Service Funds

2001 Refunding G.O. Bond Fund (Senior Center / Fire Hall) – accounts for principal and interest payments on general obligation bonds issued for the construction of the Senior Center and Fire Hall. The bonds were originally issued in 1991 and 1992, and were refunded in 2001.

2005 Refunding G.O. Bond Fund (Library) – accounts for principal and interest payments on general obligation bonds issued for the construction of the Port Angeles Library. The bonds were originally issued in 1995 and refunded in 2005.

2005 L.T.G.O. Bond Fund (Western Urban Growth Area) – accounts for principal and interest payments on the councilmanic bond issued for installation of utilities in an area annexed into the City's western urban growth area.

2006 L.T.G.O. Bond Fund (Property Acquisition) – accounts for principal and interest payments on the limited general tax obligation bond for the purchase of property adjacent to the Gateway transportation center.

LID Control Fund – The Local Improvement District Control Fund was created to finance public improvements or services deemed to benefit the properties against which the special assessments are levied. Special assessment bonds are not a direct responsibility of the City, but are funded from a collection of special assessment payments.

Capital Projects Funds

Property Management Fund – accounts for revenue and expenditures related to the acquisition, development and disposition of City-owned property.

Lincoln Park Improvement Fund – accounts for revenues and expenditures associated with capital improvements made at Lincoln Park and related facilities.

Permanent Funds

Cemetery Endowment – Accounts for revenues from the sale of cemetery lots, tracts, parcels, donations, bequests, or grants received or allocated prior to April 1, 1981. These earnings will be used for the perpetual care of the cemetery after it is filled to capacity.

Esther Webster Trust Fund – accounts for financial activities related to the Port Angeles Fine Arts Center. Revenues are comprised of interest earnings and gain/loss on investments from an endowment made by Mrs. Esther Webster, and donations from private sources.

City of Port Angeles

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

	Special Revenues	Debt Service	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 19,095,807	\$ 1,022,359	\$ 285,594	\$ 272,231	\$ 20,675,991
Investments	-	-	-	672,270	672,270
Receivables (net):					
Taxes	25,268	24,899	-	-	50,167
Interest	102,013	4,759	1,539	1,464	109,775
Accounts	84,345	-	355	-	84,700
Due from Component unit	221	-	-	-	221
Due from other governments	365,405	-	-	-	365,405
Contracts Receivable	1,253,365	-	-	-	1,253,365
Total assets	<u>20,926,424</u>	<u>1,052,017</u>	<u>287,488</u>	<u>945,965</u>	<u>23,211,894</u>
LIABILITIES					
Accounts payable	308,161	-	60	4,822	313,043
Wages payable	108,415	-	-	5,745	114,160
Due to other funds	71	-	-	-	71
Due to other governments	197,051	-	-	-	197,051
Other liabilities	8,232	-	-	-	8,232
Deferred Revenue	1,102,478	20,398	-	-	1,122,876
Total liabilities	<u>1,724,408</u>	<u>20,398</u>	<u>60</u>	<u>10,567</u>	<u>1,755,433</u>
FUND BALANCES					
Reserved for:					
Contingencies	250,000	-	-	-	250,000
Debt service	-	1,031,619	-	-	1,031,619
Other purposes	-	-	-	935,397	935,397
Unreserved	18,952,013	-	287,428	-	19,239,441
Total fund balances	<u>19,202,013</u>	<u>1,031,619</u>	<u>287,428</u>	<u>935,397</u>	<u>21,456,457</u>
Total liabilities and fund balances	<u>\$ 20,926,421</u>	<u>\$ 1,052,017</u>	<u>\$ 287,488</u>	<u>\$ 945,964</u>	<u>\$ 23,211,890</u>

City of Port Angeles

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008**

	Special Revenues	Debt Service	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 2,568,446	\$ 662,933	\$ -	\$ -	\$ 3,231,379
License and permits	3,470	-	-	-	3,470
Intergovernmental revenues	4,248,322	-	-	3,375	4,251,697
Charges for services	404,170	-	-	-	404,170
Investment earnings	952,006	51,438	14,859	(168,498)	849,805
Contributions and donations	3,373	-	-	146,150	149,523
Other revenue	98,899	18,000	6,176	-	123,075
Total revenues	<u>8,278,686</u>	<u>732,371</u>	<u>21,035</u>	<u>(18,973)</u>	<u>9,013,119</u>
EXPENDITURES					
Current:					
General Government	-	-	29,556	-	29,556
Public safety	1,841,340	-	-	-	1,841,340
Transportation	1,470,458	-	-	-	1,470,458
Economic environment	1,542,344	-	-	-	1,542,344
Culture and recreation	366,906	-	-	209,140	576,046
Debt service:					
Principal	121,922	664,685	-	-	786,607
Interest and other charges	14,378	338,782	-	-	353,160
Other debt cost	-	912	-	-	912
Capital outlay	355,594	-	229,197	-	584,791
Total expenditures	<u>5,712,942</u>	<u>1,004,379</u>	<u>258,753</u>	<u>209,140</u>	<u>7,185,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,565,744</u>	<u>(272,008)</u>	<u>(237,718)</u>	<u>(228,113)</u>	<u>1,827,905</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,405,163	249,265	52,490	55,000	1,761,918
Transfers (out)	(2,786,371)	-	(53,822)	-	(2,840,193)
Total other financing sources (uses)	<u>(1,381,208)</u>	<u>249,265</u>	<u>(1,332)</u>	<u>55,000</u>	<u>(1,078,275)</u>
Net change in fund balances	1,184,536	(22,743)	(239,050)	(173,113)	749,630
Fund balances - beginning	<u>18,017,482</u>	<u>1,054,362</u>	<u>526,478</u>	<u>1,108,509</u>	<u>20,706,831</u>
Fund balances - ending	<u>\$ 19,202,018</u>	<u>\$ 1,031,619</u>	<u>\$ 287,428</u>	<u>\$ 935,396</u>	<u>\$ 21,456,461</u>

Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds
 December 31, 2008

	Lodging Excise Tax	Street	Economic Development	Cultural Resources	Community Development Grants	Real Estate Excise Tax #1	Real Estate Excise Tax #2	Pencom	Criminal Justice	K-9 Program
ASSETS										
Cash and cash equivalents	\$ 474,209	\$ 720,274	\$ 6,260,053	\$ 341,920	\$ 36,502	\$ 577,761	\$ 361,332	\$ 829,823	\$ 339,352	\$ 11,967
Receivables (net):										
Taxes	-	-	-	-	-	12,634	12,634	-	-	-
Interest	2,555	4,117	33,723	1,844	197	3,112	1,947	4,539	1,828	64
Accounts	-	6,622	-	-	-	-	-	69,429	-	-
Due from component unit	-	-	221	-	-	-	-	-	-	-
Due from other governments	-	69	-	-	-	-	-	126,407	-	-
Contracts Receivable	-	-	150,887	-	-	-	-	-	-	-
Total assets	476,764	731,082	6,444,884	343,764	36,699	593,507	375,913	1,030,198	341,180	12,031
LIABILITIES										
Accounts payable	-	27,507	46,350	42	-	-	-	65,891	-	-
Wages payable	-	36,027	2,532	3,858	-	-	-	55,992	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to other governments	11,820	1,309	-	-	-	41,961	41,961	-	-	363
Other Liabilities	-	-	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total liabilities	11,820	64,843	48,882	3,900	-	41,961	41,961	121,883	-	363
FUND BALANCES										
Reserved:										
Contingencies	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Special Revenue	464,944	666,239	6,396,002	339,864	36,699	551,546	333,952	908,315	341,180	11,668
Total fund balances	464,944	666,239	6,396,002	339,864	36,699	551,546	333,952	908,315	341,180	11,668
Total liabilities and fund balances	\$ 476,764	\$ 731,082	\$ 6,444,884	\$ 343,764	\$ 36,699	\$ 593,507	\$ 375,913	\$ 1,030,198	\$ 341,180	\$ 12,031

Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds
 December 31, 2008

	Electric	Treatment Plant Operations & Maintenance	Port Angeles Housing Rehabilitation Project	Recreational Activities	Firearms Range	Drug Task Force	Senior Center Maintenance	Waterfront Trail	Contingency	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ 226,210	\$ 7,977,972	\$ 448,229	\$ 114,475	\$ 15,222	\$ 10,760	\$ 58,617	\$ 41,129	\$ 250,000	\$ 19,095,807
Receivables (net):										
Taxes	-	-	-	-	-	-	-	-	-	25,268
Interest	1,219	42,978	2,415	797	82	58	316	222	-	102,013
Accounts	-	-	-	3,280	-	5,014	-	-	-	84,345
Due from component unit	-	-	-	-	-	-	-	-	-	221
Due from other governments	-	-	237,969	-	960	-	-	-	-	365,405
Contracts Receivable	-	-	1,102,478	-	-	-	-	-	-	1,253,365
Total assets	<u>227,429</u>	<u>8,020,950</u>	<u>1,791,091</u>	<u>118,552</u>	<u>16,264</u>	<u>15,832</u>	<u>58,933</u>	<u>41,351</u>	<u>250,000</u>	<u>20,926,424</u>
LIABILITIES										
Accounts payable	-	-	160,427	7,683	-	261	-	-	-	308,161
Wages payable	-	-	-	10,006	-	-	-	-	-	108,415
Due to other funds	-	-	-	71	-	-	-	-	-	71
Due to other governments	-	-	100,000	-	-	-	-	-	-	197,051
Other Liabilities	-	-	-	-	-	-	-	7,869	-	8,232
Deferred Revenues	-	-	1,102,478	-	-	-	-	-	-	1,102,478
Total liabilities	-	-	<u>1,362,905</u>	<u>17,760</u>	-	<u>261</u>	-	<u>7,869</u>	-	<u>1,724,408</u>
FUND BALANCES										
Reserved:										
Contingencies	-	-	-	-	-	-	-	-	250,000	250,000
Unreserved:										
Special Revenue	227,429	8,020,950	428,186	100,792	16,264	15,571	58,933	33,482	-	18,952,016
Total fund balances	<u>227,429</u>	<u>8,020,950</u>	<u>428,186</u>	<u>100,792</u>	<u>16,264</u>	<u>15,571</u>	<u>58,933</u>	<u>33,482</u>	<u>250,000</u>	<u>19,202,016</u>
Total liabilities and fund balances	\$ 227,429	\$ 8,020,950	\$ 1,791,091	\$ 118,552	\$ 16,264	\$ 15,832	\$ 58,933	\$ 41,351	\$ 250,000	\$ 20,926,424

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended December 31, 2008**

	Lodging Excise Tax	Street	Economic Development	Cultural Resources	Community Development Grants	Real Estate Excise Tax #1	Real Estate Excise Tax #2
REVENUES							
Taxes	\$ 493,647	\$ 477,524	-	\$ -	-	\$ 110,046	\$ 110,046
Licenses and permits	-	3,470	-	-	-	-	-
Intergovernmental revenues	-	437,337	20,482	-	-	-	-
Charges for services	-	302	-	-	-	-	-
Investment earnings	21,114	36,766	362,445	22,592	1,891	28,957	18,260
Contributions and Donations	-	1,568	-	-	-	-	-
Other revenue	-	55,920	-	1,004	-	-	-
Total revenues	<u>514,761</u>	<u>1,012,887</u>	<u>382,927</u>	<u>23,596</u>	<u>1,891</u>	<u>139,003</u>	<u>128,306</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Transportation	-	1,470,458	-	-	-	-	-
Economic environment	337,341	-	284,854	133,396	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	41,495	80,427
Interest	-	-	-	-	-	3,922	10,456
Capital outlay	40,000	-	-	-	-	-	-
Total expenditures	<u>377,341</u>	<u>1,470,458</u>	<u>284,854</u>	<u>133,396</u>	<u>-</u>	<u>45,417</u>	<u>90,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>137,420</u>	<u>(457,571)</u>	<u>98,073</u>	<u>(109,800)</u>	<u>1,891</u>	<u>93,586</u>	<u>37,423</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	516,000	205,000	449,663	-	-	-
Transfers (out)	(47,818)	-	(2,449,663)	-	-	(21,890)	-
Total other financing sources (uses)	<u>(47,818)</u>	<u>516,000</u>	<u>(2,244,663)</u>	<u>449,663</u>	<u>-</u>	<u>(21,890)</u>	<u>-</u>
Net change in fund balances	89,602	58,429	(2,146,590)	339,863	1,891	71,696	37,423
Fund balances - beginning	375,345	607,809	8,542,592	-	34,807	479,850	296,527
Fund balances - ending	<u>\$ 464,947</u>	<u>\$ 666,238</u>	<u>\$ 6,396,002</u>	<u>\$ 339,863</u>	<u>\$ 36,698</u>	<u>\$ 551,546</u>	<u>\$ 333,950</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Special Revenue Funds
 For the Year Ended December 31, 2008

	Pencom	Criminal Justice	K-9 Program	Electric Utility Economic Development	Treatment Plant Operations & Maintenance	Port Angeles Housing Rehabilitation Project	Recreational Activities
REVENUES							
Taxes	\$ 1,117,877	\$ 259,306	-	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	838,150	-	-	-	2,202,083	741,564	-
Charges for services	221,760	-	-	-	-	-	182,108
Investment earnings	40,175	17,147	755	11,544	352,892	24,165	6,798
Contributions and donations	-	-	-	-	-	-	705
Other revenue	300	-	-	-	-	39,330	-
Total revenues	<u>2,218,262</u>	<u>276,453</u>	<u>755</u>	<u>11,544</u>	<u>2,554,975</u>	<u>805,059</u>	<u>189,611</u>
EXPENDITURES							
Current:							
Public safety	1,832,729	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	786,753	-
Culture and recreation	-	-	-	-	-	-	366,906
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	302,522	-	13,072	-	-	-	-
Total expenditures	<u>2,135,251</u>	<u>-</u>	<u>13,072</u>	<u>-</u>	<u>-</u>	<u>786,753</u>	<u>366,906</u>
Excess (deficiency) of revenues over (under) expenditures	83,011	276,453	(12,317)	11,544	2,554,975	18,306	(177,295)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	50,000	-	-	177,500
Transfers (out)	-	(235,000)	-	(25,000)	-	-	-
Total other financing sources (uses)	-	<u>(235,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>177,500</u>
Net change in fund balances	83,011	41,453	(12,317)	36,544	2,554,975	18,306	205
Fund balances - beginning	825,303	299,728	23,986	190,863	5,465,975	409,880	100,589
Fund balances - ending	<u>\$ 908,314</u>	<u>\$ 341,181</u>	<u>\$ 11,669</u>	<u>\$ 227,427</u>	<u>\$ 8,020,950</u>	<u>\$ 428,186</u>	<u>\$ 100,794</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Special Revenue Funds
 For the Year Ended December 31, 2008

	Firearms Range	Drug Task Force	Senior Center Maintenance	Waterfront Trail	Contingency	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,568,446
Licenses and permits	-	-	-	-	-	3,470
Intergovernmental revenues	8,706	-	-	-	-	4,248,322
Charges for services	-	-	-	-	-	404,170
Investment earnings	547	791	3,037	2,130	-	952,006
Contributions and donations	-	-	-	1,100	-	3,373
Other revenue	-	2,345	-	-	-	98,899
Total revenues	<u>9,253</u>	<u>3,136</u>	<u>3,037</u>	<u>3,230</u>	<u>-</u>	<u>8,278,686</u>
EXPENDITURES						
Current:						
Public safety	5,052	3,559	-	-	-	1,841,340
Transportation	-	-	-	-	-	1,470,458
Economic environment	-	-	-	-	-	1,542,344
Culture and recreation	-	-	-	-	-	366,906
Debt service:						
Principal	-	-	-	-	-	121,922
Interest	-	-	-	-	-	14,378
Capital outlay	-	-	-	-	-	355,594
Total expenditures	<u>5,052</u>	<u>3,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,712,942</u>
Excess (deficiency) of revenues over (under) expenditures	4,201	(423)	3,037	3,230	-	2,565,744
OTHER FINANCING SOURCES (USES)						
Transfers in	7,000	-	-	-	-	1,405,163
Transfers (out)	-	(7,000)	-	-	-	(2,786,371)
Total other financing sources (uses)	<u>7,000</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,381,208)</u>
Net change in fund balances	11,201	(7,423)	3,037	3,230	-	1,184,536
Fund balances - beginning	5,065	22,995	55,896	30,252	250,000	18,017,482
Fund balances - ending	<u>\$ 16,266</u>	<u>\$ 15,572</u>	<u>\$ 58,933</u>	<u>\$ 33,482</u>	<u>\$ 250,000</u>	<u>\$ 19,202,018</u>

City of Port Angeles

Lodging Excise Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 463,500	\$ 500,770	\$ 493,647	\$ (7,123)
Investment earnings	5,200	9,500	21,114	11,614
Total revenues	468,700	510,270	514,761	4,491
EXPENDITURES				
Current:				
Economic environment	341,200	341,200	337,341	3,859
Capital Outlay	219,395	133,395	40,000	93,395
Total expenditures	560,595	474,595	377,341	97,254
Excess (deficiency) of revenues over (under) expenditures	(91,895)	35,675	137,420	101,745
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(47,818)	(47,818)	(47,818)	-
Total other financing sources (uses)	(47,818)	(47,818)	(47,818)	-
Net change in fund balances	(139,713)	(12,143)	89,602	101,745
Fund balances - beginning	375,345	375,345	375,345	-
Fund balances - ending	\$ 235,632	\$ 363,202	\$ 464,947	\$ 101,745

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Street Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 477,524	\$ 477,524	\$ 477,524	\$ -
Licenses and permits	5,000	5,000	3,470	(1,530)
Intergovernmental revenues	476,961	420,000	437,337	17,337
Charges for services	-	302	302	-
Investment earnings	15,005	19,000	36,766	17,766
Contributions and donations	-	1,568	1,568	-
Other revenue	21,070	47,666	55,920	8,254
Total revenues	<u>995,560</u>	<u>971,060</u>	<u>1,012,887</u>	<u>41,827</u>
EXPENDITURES				
Current:				
Transportation	1,538,560	1,550,400	1,470,458	79,942
Total expenditures	<u>1,538,560</u>	<u>1,550,400</u>	<u>1,470,458</u>	<u>79,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(543,000)</u>	<u>(579,340)</u>	<u>(457,571)</u>	<u>121,769</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	543,000	543,000	516,000	(27,000)
Total other financing sources (uses)	<u>543,000</u>	<u>543,000</u>	<u>516,000</u>	<u>(27,000)</u>
Net change in fund balances	-	(36,340)	58,429	94,769
Fund balances - beginning	<u>607,809</u>	<u>607,809</u>	<u>607,809</u>	<u>-</u>
Fund balances - ending	<u>\$ 607,809</u>	<u>\$ 571,469</u>	<u>\$ 666,238</u>	<u>\$ 94,769</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Economic Development Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 20,261	\$ 20,482	\$ 221
Investment earnings	300,000	264,600	362,445	97,845
Total revenues	300,000	284,861	382,927	98,066
EXPENDITURES				
Current:				
Economic environment	788,203	668,520	284,854	383,666
Total expenditures	788,203	668,520	284,854	383,666
 Excess (deficiency) of revenues over (under) expenditures	 (488,203)	 (383,659)	 98,073	 481,732
OTHER FINANCING SOURCES (USES)				
Transfers in	205,000	205,000	205,000	-
Transfers out	-	(2,000,000)	(2,449,663)	(449,663)
Total other financing sources (uses)	205,000	(1,795,000)	(2,244,663)	(449,663)
 Net change in fund balances	 (283,203)	 (2,178,659)	 (2,146,590)	 32,069
 Fund balances - beginning	 8,542,592	 8,542,592	 8,542,592	 -
 Fund balances - ending	 \$ 8,259,389	 \$ 6,363,933	 \$ 6,396,002	 \$ 32,069

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Cultural Resources Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 17,400	\$ 22,592	\$ 5,192
Other revenue	-	1,004	1,004	-
Total revenues	-	18,404	23,596	5,192
EXPENDITURES				
Current:				
Economic environment	-	123,487	133,396	(9,909)
Total expenditures	-	123,487	133,396	(9,909)
Excess (deficiency) of revenues over (under) expenditures	-	(105,083)	(109,800)	(4,717)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	449,663	449,663
Total other financing sources (uses)	-	-	449,663	449,663
Net change in fund balances	-	(105,083)	339,863	444,946
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (105,083)	\$ 339,863	\$ 444,946

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Community Development Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,200	\$ 1,000	\$ 1,891	\$ 891
Total revenues	<u>1,200</u>	<u>1,000</u>	<u>1,891</u>	<u>891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,200</u>	<u>1,000</u>	<u>1,891</u>	<u>891</u>
Net change in fund balances	1,200	1,000	1,891	891
Fund balances - beginning	<u>34,807</u>	<u>34,807</u>	<u>34,807</u>	<u>-</u>
Fund balances - ending	<u>\$ 36,007</u>	<u>\$ 35,807</u>	<u>\$ 36,698</u>	<u>\$ 891</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Real Estate Excise Tax #1 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 300,000	\$ 150,000	\$ 110,046	\$ (39,954)
Investment earnings	12,000	18,000	28,957	10,957
Total revenues	312,000	168,000	139,003	(28,997)
EXPENDITURES				
Debt Service:				
Principal	41,494	41,494	41,494	-
Interest	3,922	3,922	3,922	-
Total expenditures	45,416	45,416	45,416	-
Excess (deficiency) of revenues over (under) expenditures	266,584	122,584	93,587	(28,997)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(21,890)	(21,890)	(21,890)	-
Total other financing sources (uses)	(21,890)	(21,890)	(21,890)	-
Net change in fund balances	244,694	100,694	71,697	(28,997)
Fund balances - beginning	479,850	479,850	479,850	-
Fund balances - ending	\$ 724,544	\$ 580,544	\$ 551,547	\$ (28,997)

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Real Estate Excise Tax #2 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 300,000	\$ 150,000	\$ 110,046	\$ (39,954)
Investment earnings	10,000	10,000	18,260	8,260
Total revenues	<u>310,000</u>	<u>160,000</u>	<u>128,306</u>	<u>(31,694)</u>
EXPENDITURES				
Debt Service:				
Principal	80,427	80,427	80,427	-
Interest	10,456	10,456	10,456	-
Total expenditures	<u>90,883</u>	<u>90,883</u>	<u>90,883</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>219,117</u>	<u>69,117</u>	<u>37,423</u>	<u>(31,694)</u>
Net change in fund balances	<u>219,117</u>	<u>69,117</u>	<u>37,423</u>	<u>(31,694)</u>
Fund balances - beginning	<u>296,527</u>	<u>296,527</u>	<u>296,527</u>	<u>-</u>
Fund balances - ending	<u>\$ 515,644</u>	<u>\$ 365,644</u>	<u>\$ 333,950</u>	<u>\$ (31,694)</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

PenCom Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 750,000	\$ 1,172,714	\$ 1,117,877	\$ (54,837)
Intergovernmental revenues	891,767	864,745	838,150	(26,595)
Charges for services	221,760	221,760	221,760	-
Investment earnings	20,000	22,500	40,175	17,675
Other revenue	3,500	3,500	300	(3,200)
Total revenues	<u>1,887,027</u>	<u>2,285,219</u>	<u>2,218,262</u>	<u>(66,957)</u>
EXPENDITURES				
Current:				
Public safety	1,940,238	1,984,544	1,832,729	151,815
Capital outlay	-	402,214	302,522	99,692
Total expenditures	<u>1,940,238</u>	<u>2,386,758</u>	<u>2,135,251</u>	<u>251,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,211)</u>	<u>(101,539)</u>	<u>83,011</u>	<u>184,550</u>
Net change in fund balances	<u>(53,211)</u>	<u>(101,539)</u>	<u>83,011</u>	<u>184,550</u>
Fund balances - beginning	<u>825,303</u>	<u>825,303</u>	<u>825,303</u>	<u>-</u>
Fund balances - ending	<u>\$ 772,092</u>	<u>\$ 723,764</u>	<u>\$ 908,314</u>	<u>\$ 184,550</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Criminal Justice Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 250,000	\$ 250,000	\$ 259,306	\$ 9,306
Investment earnings	8,000	10,000	17,147	7,147
Total revenues	258,000	260,000	276,453	16,453
Excess (deficiency) of revenues over (under) expenditures	258,000	260,000	276,453	16,453
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(235,000)	(235,000)	(235,000)	-
Total other financing sources (uses)	(235,000)	(235,000)	(235,000)	-
Net change in fund balances	23,000	25,000	41,453	16,453
Fund balances - beginning	299,728	299,728	299,728	-
Fund balances - ending	\$ 322,728	\$ 324,728	\$ 341,181	\$ 16,453

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

K-9 Program Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 400	\$ 500	\$ 755	\$ 255
Total revenues	<u>400</u>	<u>500</u>	<u>755</u>	<u>255</u>
EXPENDITURES				
Capital Outlay	-	17,383	13,072	4,311
Total expenditures	<u>-</u>	<u>17,383</u>	<u>13,072</u>	<u>4,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>400</u>	<u>(16,883)</u>	<u>(12,317)</u>	<u>4,566</u>
Net change in fund balances	400	(16,883)	(12,317)	4,566
Fund balances - beginning	<u>23,986</u>	<u>23,986</u>	<u>23,986</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,386</u>	<u>\$ 7,103</u>	<u>\$ 11,669</u>	<u>\$ 4,566</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Electric Utility Rural Economic Development Revolving Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 6,500	\$ 6,800	\$ 11,544	\$ 4,744
Total revenues	<u>6,500</u>	<u>6,800</u>	<u>11,544</u>	<u>4,744</u>
EXPENDITURES				
Current:				
Economic environment	25,000	25,000	-	25,000
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,500)</u>	<u>(18,200)</u>	<u>11,544</u>	<u>29,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers (out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	6,500	6,800	36,544	29,744
Fund balances - beginning	<u>190,883</u>	<u>190,883</u>	<u>190,883</u>	<u>-</u>
Fund balances - ending	<u>\$ 197,383</u>	<u>\$ 197,683</u>	<u>\$ 227,427</u>	<u>\$ 29,744</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Treatment Plant Operations and Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ -	\$ 2,200,000	\$ 2,202,083	\$ 2,083
Investment earnings	<u>200,000</u>	<u>200,500</u>	<u>352,892</u>	<u>152,392</u>
Total revenues	<u>200,000</u>	<u>2,400,500</u>	<u>2,554,975</u>	<u>154,475</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>200,000</u>	 <u>2,400,500</u>	 <u>2,554,975</u>	 <u>154,475</u>
 Net change in fund balances	 <u>200,000</u>	 <u>2,400,500</u>	 <u>2,554,975</u>	 <u>154,475</u>
 Fund balances - beginning	 <u>5,465,975</u>	 <u>5,465,975</u>	 <u>5,465,975</u>	 <u>-</u>
Fund balances - ending	<u>\$ 5,665,975</u>	<u>\$ 7,866,475</u>	<u>\$ 8,020,950</u>	<u>\$ 154,475</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Port Angeles Housing Rehabilitation Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 700,000	\$ 741,564	\$ 41,564
Investment earnings	15,000	15,000	24,165	9,165
Other revenue	60,219	60,300	39,330	(20,970)
Total revenues	<u>75,219</u>	<u>775,300</u>	<u>805,059</u>	<u>29,759</u>
EXPENDITURES				
Current:				
Economic environment	219	761,129	786,753	(25,624)
Total expenditures	<u>219</u>	<u>761,129</u>	<u>786,753</u>	<u>(25,624)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,000</u>	<u>14,171</u>	<u>18,306</u>	<u>4,135</u>
Net change in fund balances	<u>75,000</u>	<u>14,171</u>	<u>18,306</u>	<u>4,135</u>
Fund balances - beginning	<u>409,880</u>	<u>409,880</u>	<u>409,880</u>	<u>-</u>
Fund balances - ending	<u>\$ 484,880</u>	<u>\$ 424,051</u>	<u>\$ 428,186</u>	<u>\$ 4,135</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Recreational Activities Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 168,000	\$ 168,000	\$ 182,108	\$ 14,108
Investment earnings	3,000	3,000	6,798	3,798
Contributions and donations	300	705	705	-
Total revenues	<u>171,300</u>	<u>171,705</u>	<u>189,611</u>	<u>17,906</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>383,351</u>	<u>386,282</u>	<u>366,906</u>	<u>19,376</u>
Total expenditures	<u>383,351</u>	<u>386,282</u>	<u>366,906</u>	<u>19,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(212,051)</u>	<u>(214,577)</u>	<u>(177,295)</u>	<u>37,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>212,500</u>	<u>212,500</u>	<u>177,500</u>	<u>(35,000)</u>
Total other financing sources (uses)	<u>212,500</u>	<u>212,500</u>	<u>177,500</u>	<u>(35,000)</u>
Net change in fund balances	449	(2,077)	205	2,282
Fund balances - beginning	<u>100,588</u>	<u>100,588</u>	<u>100,588</u>	<u>-</u>
Fund balances - ending	<u>\$ 101,037</u>	<u>\$ 98,511</u>	<u>\$ 100,793</u>	<u>\$ 2,282</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Firearms Range Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 8,375	\$ 8,856	\$ 8,706	\$ (150)
Investment earnings	150	150	547	397
Total revenues	<u>8,525</u>	<u>9,006</u>	<u>9,253</u>	<u>247</u>
EXPENDITURES				
Current:				
Public safety	4,000	11,000	5,052	5,948
Total expenditures	<u>4,000</u>	<u>11,000</u>	<u>5,052</u>	<u>5,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,525</u>	<u>(1,994)</u>	<u>4,201</u>	<u>6,195</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,000	7,000	-
Total other financing sources and uses	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balances	<u>4,525</u>	<u>5,006</u>	<u>11,201</u>	<u>6,195</u>
Fund balances - beginning	<u>5,065</u>	<u>5,065</u>	<u>5,065</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,590</u>	<u>\$ 10,071</u>	<u>\$ 16,266</u>	<u>\$ 6,195</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Drug Task Force Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 791	\$ 291
Other revenue	5,100	5,100	2,345	(2,755)
Total revenues	5,600	5,600	3,136	(2,464)
EXPENDITURES				
Current:				
Public safety	5,000	7,780	3,559	4,221
Total expenditures	5,000	7,780	3,559	4,221
Excess (deficiency) of revenues over (under) expenditures	600	(2,180)	(423)	1,757
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(7,000)	(7,000)	-
Total other financing sources and uses	-	(7,000)	(7,000)	-
Net change in fund balances	600	(9,180)	(7,423)	1,757
Fund balances - beginning	22,996	22,996	22,996	-
Fund balances - ending	\$ 23,596	\$ 13,816	\$ 15,573	\$ 1,757

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

Senior Center Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,700	\$ 1,700	\$ 3,037	\$ 1,337
Total revenues	<u>1,700</u>	<u>1,700</u>	<u>3,037</u>	<u>1,337</u>
EXPENDITURES				
Current:				
Economic environment	12,500	12,500	-	12,500
Total expenditures	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,800)</u>	<u>(10,800)</u>	<u>3,037</u>	<u>13,837</u>
Net change in fund balances	(10,800)	(10,800)	3,037	13,837
Fund balances - beginning	<u>55,896</u>	<u>55,896</u>	<u>55,896</u>	<u>-</u>
Fund balances - ending	<u>\$ 45,096</u>	<u>\$ 45,096</u>	<u>\$ 58,933</u>	<u>\$ 13,837</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

Waterfront Trail Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,300	\$ 1,300	\$ 2,130	\$ 830
Contributions and donations	1,000	1,000	1,100	100
Total revenues	2,300	2,300	3,230	930
EXPENDITURES				
Current:				
Culture and recreation	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
Excess (deficiency) of revenues over (under) expenditures	1,300	1,300	3,230	1,930
Net change in fund balances	1,300	1,300	3,230	1,930
Fund balances - beginning	30,252	30,252	30,252	-
Fund balances - ending	\$ 31,552	\$ 31,552	\$ 33,482	\$ 1,930

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

Combining Balance Sheet
Nonmajor Governmental Funds - Debt Service Funds
December 31, 2008

	2001 Refunding G.O. Bond	LID Control	2005 Refunding G.O. Bond	2005 L.T.G.O. Bond	2006 L.T.G.O. Bond	Total Nonmajor Debt Service Funds
ASSETS						
Cash and cash equivalents	\$ 122,010	\$ 138,935	\$ 6,006	\$ 254	\$ 755,154	\$ 1,022,359
Receivables (net):						
Taxes	14,175	-	10,724	-	-	24,899
Interest	657	-	34	-	4,068	4,759
Total assets	<u>136,842</u>	<u>138,935</u>	<u>16,764</u>	<u>254</u>	<u>759,222</u>	<u>1,052,017</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue	<u>11,547</u>	-	<u>8,851</u>	-	-	<u>20,398</u>
Total liabilities	<u>11,547</u>	-	<u>8,851</u>	-	-	<u>20,398</u>
Fund Balances:						
Reserved for:						
Debt service	<u>125,295</u>	<u>138,935</u>	<u>7,913</u>	<u>254</u>	<u>759,222</u>	<u>1,031,619</u>
Total fund balances	<u>125,295</u>	<u>138,935</u>	<u>7,913</u>	<u>254</u>	<u>759,222</u>	<u>1,031,619</u>
Total liabilities and fund balances	<u>\$ 136,842</u>	<u>\$ 138,935</u>	<u>\$ 16,764</u>	<u>\$ 254</u>	<u>\$ 759,222</u>	<u>\$ 1,052,017</u>

City of Port Angeles

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Debt Service Funds
For the Year Ended December 31, 2008**

	2001 Refunding G.O. Bond	LID Control	2005 Refunding G.O. Bond	2005 L.T.G.O. Bond	2006 L.T.G.O. Bond	Total Nonmajor Debt Service Funds
REVENUES						
Taxes	\$ 387,516	\$ -	\$ 275,417	\$ -	\$ -	\$ 662,933
Investment earnings	9,514	-	2,325	-	39,599	51,438
Other revenues	-	-	-	-	18,000	18,000
Total revenues	<u>397,030</u>	<u>-</u>	<u>277,742</u>	<u>-</u>	<u>57,599</u>	<u>732,371</u>
EXPENDITURES						
Debt service:						
Principal	330,000	-	205,000	120,000	9,685	664,685
Interest	60,112	-	72,200	129,265	77,205	338,782
Other debt cost	304	-	304	304	-	912
Total expenditures	<u>390,416</u>	<u>-</u>	<u>277,504</u>	<u>249,569</u>	<u>86,890</u>	<u>1,004,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,614</u>	<u>-</u>	<u>238</u>	<u>(249,569)</u>	<u>(29,291)</u>	<u>(272,008)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	249,265	-	249,265
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,265</u>	<u>-</u>	<u>249,265</u>
Net change in fund balances	6,614	-	238	(304)	(29,291)	(22,743)
Fund balances - beginning	<u>118,681</u>	<u>138,935</u>	<u>7,675</u>	<u>558</u>	<u>788,513</u>	<u>1,054,362</u>
Fund balances - ending	<u>\$ 125,295</u>	<u>\$ 138,935</u>	<u>\$ 7,913</u>	<u>\$ 254</u>	<u>\$ 759,222</u>	<u>\$ 1,031,619</u>

City of Port Angeles

2001 Refunding G.O. Bond Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 390,137	\$ 390,137	\$ 387,516	\$ (2,621)
Investment earnings	5,800	5,800	9,514	3,714
Total revenues	395,937	395,937	397,030	1,093
EXPENDITURES				
Debt Service:				
Principal	330,000	330,000	330,000	-
Interest	60,112	60,112	60,112	-
Other debt cost	304	304	304	-
Total expenditures	390,416	390,416	390,416	-
Excess (deficiency) of revenues over (under) expenditures	5,521	5,521	6,614	1,093
Net change in fund balances	5,521	5,521	6,614	1,093
Fund balances - beginning	118,681	118,681	118,681	-
Fund balances - ending	\$ 124,202	\$ 124,202	\$ 125,295	\$ 1,093

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

2005 Refunding G.O. Bond Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 277,200	\$ 277,200	\$ 275,417	\$ (1,783)
Investment earnings	1,500	1,500	2,325	825
Total revenues	278,700	278,700	277,742	(958)
EXPENDITURES				
Debt Service:				
Principal	205,000	205,000	205,000	-
Interest	72,200	72,200	72,200	-
Other debt cost	304	304	304	-
Total expenditures	277,504	277,504	277,504	-
Excess (deficiency) of revenues over (under) expenditures	1,196	1,196	238	(958)
Net change in fund balances	1,196	1,196	238	(958)
Fund balances - beginning	7,675	7,675	7,675	-
Fund balances - ending	\$ 8,871	\$ 8,871	\$ 7,913	\$ (958)

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

2005 L.T.G.O. Bond Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,000	\$ 304	\$ -	\$ (304)
Total revenues	<u>1,000</u>	<u>304</u>	<u>-</u>	<u>(304)</u>
EXPENDITURES				
Debt Service:				
Principal	120,000	120,000	120,000	-
Interest	129,265	129,265	129,265	-
Other debt cost	300	304	304	-
Total expenditures	<u>249,565</u>	<u>249,569</u>	<u>249,569</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(248,565)</u>	<u>(249,265)</u>	<u>(249,569)</u>	<u>(304)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>249,265</u>	<u>249,265</u>	<u>249,265</u>	<u>-</u>
Total other financing sources (uses)	<u>249,265</u>	<u>249,265</u>	<u>249,265</u>	<u>-</u>
Net change in fund balances	700	-	(304)	(304)
Fund balances - beginning	<u>558</u>	<u>558</u>	<u>558</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,258</u>	<u>\$ 558</u>	<u>\$ 254</u>	<u>\$ (304)</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

City of Port Angeles

2006 L.T.G.O. Bond Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 30,000	\$ 25,500	\$ 39,599	\$ 14,099
Other revenue	60,000	18,000	18,000	-
Total revenues	<u>90,000</u>	<u>43,500</u>	<u>57,599</u>	<u>14,099</u>
EXPENDITURES				
Debt Service:				
Principal	9,685	9,685	9,685	-
Interest	77,205	77,205	77,205	-
Total expenditures	<u>86,890</u>	<u>86,890</u>	<u>86,890</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,110</u>	<u>(43,390)</u>	<u>(29,291)</u>	<u>14,099</u>
Net change in fund balances	3,110	(43,390)	(29,291)	14,099
Fund balances - beginning	<u>788,513</u>	<u>788,513</u>	<u>788,513</u>	<u>-</u>
Fund balances - ending	<u>\$ 791,623</u>	<u>\$ 745,123</u>	<u>\$ 759,222</u>	<u>\$ 14,099</u>

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects Funds
December 31, 2008

	Property Management	Lincoln Park Improvement	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 113,922	\$ 171,672	\$ 285,594
Receivables (net):			
Interest	614	925	1,539
Accounts	280	75	355
Total assets	114,816	172,672	287,488
LIABILITIES			
Accounts payable	-	60	60
Total liabilities	-	60	60
FUND BALANCES			
Unreserved	114,816	172,612	287,428
Total fund balances	114,816	172,612	287,428
Total liabilities and fund balances	\$ 114,816	\$ 172,672	\$ 287,488

City of Port Angeles

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
For the Year Ended December 31, 2008**

	Property Management	Lincoln Park Improvement	Senior Center Construction	Total Nonmajor Capital Projects Funds
REVENUES				
Investment earnings	\$ 6,724	\$ 8,135	\$ -	\$ 14,859
Other revenue	3,071	3,105	-	6,176
Total revenues	<u>9,795</u>	<u>11,240</u>	<u>-</u>	<u>21,035</u>
EXPENDITURES				
Current:				
General government	29,556	-	-	29,556
Capital outlay	-	-	229,197	229,197
Total expenditures	<u>29,556</u>	<u>-</u>	<u>229,197</u>	<u>258,753</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(19,761)</u>	 <u>11,240</u>	 <u>(229,197)</u>	 <u>(237,718)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	52,490	-	52,490
Transfers (out)	(52,490)	-	(1,332)	(53,822)
Total other financing sources (uses)	<u>(52,490)</u>	<u>52,490</u>	<u>(1,332)</u>	<u>(1,332)</u>
 Net change in fund balances	 (72,251)	 63,730	 (230,529)	 (239,050)
 Fund balances - beginning	 <u>187,068</u>	 <u>108,881</u>	 <u>230,529</u>	 <u>526,478</u>
 Fund balances - ending	 <u>\$ 114,817</u>	 <u>\$ 172,611</u>	 <u>\$ -</u>	 <u>\$ 287,428</u>

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent Funds
December 31, 2008

	Cemetery Endowment	Esther Webster Trust	Total Nonmajor Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 268,189	\$ 4,042	\$ 272,231
Investments	89,022	583,248	672,270
Receivables (net):			
Interest	1,445	19	1,464
Total assets	358,656	587,309	945,965
LIABILITIES			
Accounts payable	-	4,822	4,822
Wages payable	-	5,745	5,745
Total liabilities	-	10,567	10,567
FUND BALANCES			
Reserved for:			
Other purposes	358,656	576,741	935,397
Total fund balances	358,656	576,741	935,397
Total liabilities and fund balances	\$ 358,656	\$ 587,308	\$ 945,964

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent Funds
For the Year Ended December 31, 2008**

	Cemetery Endowment	Esther Webster Trust	Total Nonmajor Permanent Funds
REVENUES			
Intergovernmental revenues	\$ -	\$ 3,375	\$ 3,375
Investment earnings	17,868	(186,366)	(168,498)
Contributions and donations	-	146,150	146,150
Total revenues	<u>17,868</u>	<u>(36,841)</u>	<u>(18,973)</u>
EXPENDITURES			
Current:			
Culture and recreation	-	209,140	209,140
Total expenditures	<u>-</u>	<u>209,140</u>	<u>209,140</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>17,868</u>	 <u>(245,981)</u>	 <u>(228,113)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	55,000	55,000
Total other financing sources (uses)	<u>-</u>	<u>55,000</u>	<u>55,000</u>
 Net change in fund balances	 17,868	 (190,981)	 (173,113)
 Fund balances - beginning	 <u>340,787</u>	 <u>767,722</u>	 <u>1,108,509</u>
 Fund balances - ending	 <u>\$ 358,655</u>	 <u>\$ 576,741</u>	 <u>\$ 935,396</u>

City of Port Angeles

Esther Webster Permanent Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 10,000	\$ 10,000	\$ 3,375	\$ (6,625)
Investment earnings	-	-	(186,366)	(186,366)
Contributions and donations	150,000	100,000	146,150	46,150
Other revenues	523	525	-	(525)
Total revenues	160,523	110,525	(36,841)	(147,366)
EXPENDITURES				
Current:				
Culture and recreation	213,728	212,680	209,140	3,540
Total expenditures	213,728	212,680	209,140	3,540
Excess (deficiency) of revenues over (under) expenditures	(53,205)	(102,155)	(245,981)	(143,826)
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	55,000	55,000	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balances	1,795	(47,155)	(190,981)	(143,826)
Fund balances - beginning	767,723	767,723	767,723	-
Fund balances - ending	\$ 769,518	\$ 720,568	\$ 576,742	\$ (143,826)

The City budgets its governmental funds on the modified accrual basis which represents GAAP for governments.

Non-Major Proprietary Funds

Enterprise Funds

Solid Waste Collection Utility Fund – accounts for activities related to the provision of solid waste collection services.

Stormwater Utility Fund – accounts for activities related to construction of stormwater facilities to reduce erosion, flooding, and combined sewer overflows.

Medic 1 Utility Fund – accounts for activities related to the provision of ambulance and emergency medical services to City residents.

Electric Conservation – accounts for activities related to the provision of energy conservation programs for City residents and businesses.

City of Port Angeles

**Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2008**

	Business-type Activities Enterprise Funds				Total
	Solid Waste Collection Utility	Stormwater Utility	Medic 1 Utility	Conservation Utility	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,441,166	\$ 431,737	\$ 72,725	\$ 1,281,290	\$ 5,226,918
Investments	-	-	-	-	-
Receivables (net):					
Interest	18,521	2,285	252	-	21,058
Customer accounts	418,048	5,050	257,151	-	680,249
Taxes receivable	-	-	-	-	-
Due from other governments	-	74,692	-	-	74,692
Total current assets	<u>3,877,735</u>	<u>513,764</u>	<u>330,128</u>	<u>1,281,290</u>	<u>6,002,917</u>
Non-current assets:					
Capital assets:					
Buildings	80,498	-	-	-	80,498
Utility plant in service	-	793,324	-	-	793,324
Machinery and equipment	2,594	333,355	8,130	-	344,079
Work in progress	-	107,927	-	-	107,927
Total capital assets	<u>83,092</u>	<u>1,234,606</u>	<u>8,130</u>	<u>-</u>	<u>1,325,828</u>
Less: accumulated depreciation	<u>(59,960)</u>	<u>(46,259)</u>	<u>(2,988)</u>	<u>-</u>	<u>(109,207)</u>
Capital assets, net of accumulated depreciation	<u>23,132</u>	<u>1,188,347</u>	<u>5,142</u>	<u>-</u>	<u>1,216,621</u>
Total non-current assets	<u>23,132</u>	<u>1,188,347</u>	<u>5,142</u>	<u>-</u>	<u>1,216,621</u>
Total assets	<u>\$ 3,900,867</u>	<u>\$ 1,702,111</u>	<u>\$ 335,270</u>	<u>\$ 1,281,290</u>	<u>\$ 7,219,538</u>

City of Port Angeles

**Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2008**

	Business-type Activities Enterprise Funds				Total
	Solid Waste Collection Utility	Stormwater Utility	Medic 1 Utility	Conservation Utility	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 95,516	\$ 9,737	\$ 9,100	\$ 39,735	\$ 154,088
Due to other funds	17,413	-	-	-	17,413
Due to other governments	11,684	1,922	423	-	14,029
Accrued liabilities	-	-	-	-	-
Wages payable	17,236	3,751	38,339	-	59,326
Compensated absences	96,389	-	49,251	-	145,640
Other current liabilities	-	-	350	-	350
Total current liabilities	<u>238,238</u>	<u>15,410</u>	<u>97,463</u>	<u>39,735</u>	<u>390,846</u>
Non-current liabilities:					
Compensated absences	10,878	2,708	22,804	-	36,390
Total non-current liabilities	<u>10,878</u>	<u>2,708</u>	<u>22,804</u>	<u>-</u>	<u>36,390</u>
Total liabilities	<u>249,116</u>	<u>18,118</u>	<u>120,267</u>	<u>39,735</u>	<u>427,236</u>
NET ASSETS					
Invested in capital assets, net of related debt	23,132	1,188,347	5,142	-	1,216,621
Unrestricted	3,628,619	495,646	209,861	1,241,555	5,575,681
Total net assets	<u>\$ 3,651,751</u>	<u>\$ 1,683,993</u>	<u>\$ 215,003</u>	<u>\$ 1,241,555</u>	<u>\$ 6,792,302</u>

City of Port Angeles

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended December 31, 2008**

	Business-type Activities Enterprise Funds				Total
	Solid Waste Collection Utility	Stormwater Utility	Medic 1 Utility	Conservation Utility	
OPERATING REVENUES					
Charges for services	\$ 3,150,667	\$ 710,075	\$ 1,067,579	\$ -	\$ 4,928,321
Other revenue	-	-	724	-	724
Total operating revenues	3,150,667	710,075	1,068,303	-	4,929,045
OPERATING EXPENSES					
Operations and maintenance	2,227,353	126,885	1,291,114	313,165	3,958,517
Taxes	367,302	67,284	-	-	434,586
Administrative and general	363,245	167,685	50,541	15,898	597,369
Depreciation	1,995	22,465	1,353	-	25,813
Total operating expenses	2,959,895	384,319	1,343,008	329,063	5,016,285
Operating income(loss)	190,772	325,756	(274,705)	(329,063)	(87,240)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	182,260	15,249	3,879	2,112	203,500
Grants	-	-	1,644	-	1,644
Total nonoperating revenue (expenses)	182,260	15,249	5,523	2,112	205,144
Income before contributions and transfers	373,032	341,005	(269,182)	(326,951)	117,904
Capital contributions and grants	-	19,465	-	-	19,465
Transfers in	-	-	300,000	1,568,506	1,868,506
Transfers (out)	(125,000)	(55,000)	-	-	(180,000)
Total contributions and transfers	(125,000)	(35,535)	300,000	1,568,506	1,707,971
Change in net assets	248,032	305,470	30,818	1,241,555	1,825,875
Total net assets - beginning	3,403,717	1,378,523	184,187	-	4,966,427
Total net assets - ending	\$ 3,651,749	\$ 1,683,993	\$ 215,005	\$ 1,241,555	\$ 6,792,302

City of Port Angeles

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2008**

	Business-type Activities Enterprise Funds				Total
	Solid Waste Collection Utility	Stormwater Utility	Medic 1 Utility	Conservation Utility	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,158,831	\$ 706,891	\$ 1,042,418	\$ -	\$ 4,908,140
Payments to suppliers	(1,518,939)	(37,251)	(86,278)	(273,359)	(1,915,827)
Payments to employees	(462,871)	(81,509)	(996,659)	-	(1,541,038)
Payments for taxes	(364,988)	(66,370)	(441)	(3,007)	(434,807)
Operating deposits	-	-	200	-	200
Payments for interfund services	(738,311)	(167,472)	(239,871)	(20,948)	(1,166,603)
Net cash provided (used) by operating activities	<u>73,722</u>	<u>354,289</u>	<u>(280,631)</u>	<u>(297,314)</u>	<u>(149,934)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants & contributions received	-	-	1,646	-	1,646
Transfers In (for noncapital purposes)	-	-	300,000	1,568,506	1,868,506
Transfers Out (for noncapital purposes)	(125,000)	-	-	-	(125,000)
Net cash provided (used) by noncapital financing activities	<u>(125,000)</u>	<u>-</u>	<u>301,646</u>	<u>1,568,506</u>	<u>1,745,152</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital grants	-	4,395	-	-	4,395
Transfers out (for capital purposes)	-	(55,000)	-	-	(55,000)
Acquisition and construction of capital assets (net)	-	(17,629)	-	-	(17,629)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(68,234)</u>	<u>-</u>	<u>-</u>	<u>(68,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	185,812	13,800	2,779	10,098	212,489
Net cash provided (used) by investing activities	<u>185,812</u>	<u>13,800</u>	<u>2,779</u>	<u>10,098</u>	<u>212,489</u>
Net increase (decrease) in cash and cash equivalents	134,534	299,855	23,794	1,281,289	1,739,472
Cash and cash equivalents-January 1	3,306,632	131,882	48,931	-	3,487,446
Cash and cash equivalents-December 31	<u>\$ 3,441,166</u>	<u>\$ 431,737</u>	<u>\$ 72,725</u>	<u>\$ 1,281,289</u>	<u>5,226,917</u>

City of Port Angeles

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2008**

	Business-type Activities Enterprise Funds				Total
	Solid Waste Collection Utility	Stormwater Utility	Medic 1 Utility	Conservation Utility	
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 190,772	\$ 325,756	\$ (274,705)	\$ (329,063)	(87,240)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Depreciation expense	1,995	22,465	1,353	-	25,813
Increase/decrease in assets and liabilities:					
Receivables, net	17,937	22,043	(10,944)	(7,986)	21,050
Interest receivables	-	-	213	-	213
Due from other funds/governments	-	(15,070)	(82)	-	(15,151)
Assessments	-	(3,134)	-	-	(3,134)
Accounts and vendor payables	(89,855)	5,394	559	39,736	(44,167)
Payable to other funds	(64,341)	-	-	-	(64,341)
Payable to other governments	3,846	(960)	374	-	3,260
Employee benefits	7,871	(1,576)	2,251	-	8,546
Other accrued liabilities	5,497	(629)	350	-	5,218
Net cash provided (used) by operating activities	\$ 73,722	\$ 354,289	\$ (280,631)	\$ (297,314)	(149,934)

Internal Service Funds

Equipment Services Fund – accounts for activities related to the cost of maintaining and replacing all City vehicles and construction equipment. All costs including salaries, maintenance, replacement, and depreciation are included in rates charged to each department.

Information Technology Fund – accounts for the cost of providing information services to all City departments. All costs including hardware, software, maintenance, labor, capital improvements, and supplies are included in rates charged to each department.

Self-Insurance Fund – accounts for the payment of all City insurance premiums and claims for which each department is charged. The City is self-insured for medical and workers' compensation, and self-insures for property and casualty deductibles.

Fiduciary Fund

Firemen's Pension Fund – a pension trust fund established to provide a pension system and related benefits for retired firefighters that were hired prior to March 1, 1970. Revenue sources include interest on investments and fire insurance premiums distributed by the State.

Agency Funds

Off-Street Parking Fund – accounts for funds held in trust for the Port Angeles Downtown Association.

Utility Contribution Fund – accounts for contributions held in trust to assist citizens paying utility bills.

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2008**

	Governmental Activities Internal Service Funds			Total
	Equipment Services	Information Technology	Self-Insurance	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,893,419	\$ 1,293,010	\$ 1,168,739	\$ 8,355,168
Receivables (net):				
Interest	31,795	6,961	7,351	46,107
Accounts receivable	13,543	35,992	6,256	55,791
Inventories	161,905	-	-	161,905
Total current assets	<u>6,100,662</u>	<u>1,335,963</u>	<u>1,182,346</u>	<u>8,618,971</u>
Non-current assets:				
Restricted assets:				
Reserved for:				
Workers compensation	-	-	125,000	125,000
Total restricted assets	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Capital assets:				
Buildings	95,513	-	-	95,513
Improvements	198,675	-	-	198,675
Furniture and equipment	9,356,996	838,616	-	10,195,612
Work in progress	132,023	412,518	-	544,541
Total capital assets	<u>9,783,207</u>	<u>1,251,134</u>	<u>-</u>	<u>11,034,341</u>
Less: accumulated depreciation	(6,175,053)	(573,125)	-	(6,748,178)
Total capital assets, net of accumulated depreciation	<u>3,608,154</u>	<u>678,009</u>	<u>-</u>	<u>4,286,163</u>
Total non-current assets	<u>3,608,154</u>	<u>678,009</u>	<u>125,000</u>	<u>4,411,163</u>
Total assets	<u>9,708,816</u>	<u>2,013,972</u>	<u>1,307,346</u>	<u>13,030,134</u>
LIABILITIES				
Current liabilities:				
Accounts payable	128,835	402,370	257,140	788,345
Due to other governments	208	381	-	589
Wages payable	15,931	15,849	286	32,066
Long-term debt	-	29,441	-	29,441
Other current liabilities	-	6,024	4,343	10,367
Total current liabilities	<u>144,974</u>	<u>454,065</u>	<u>261,769</u>	<u>860,808</u>
Non-current liabilities:				
Compensated absences	21,692	19,631	-	41,323
Long-term debt	-	29,441	-	29,441
Total non-current liabilities	<u>21,692</u>	<u>49,072</u>	<u>-</u>	<u>70,764</u>
Total liabilities	<u>166,666</u>	<u>503,137</u>	<u>261,769</u>	<u>931,572</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,608,154	619,127	-	4,227,281
Restricted for:				
Workers Compensation	-	-	125,000	125,000
Unrestricted	5,933,996	891,708	920,576	7,746,280
Total net assets	<u>\$ 9,542,150</u>	<u>\$ 1,510,835</u>	<u>\$ 1,045,576</u>	<u>\$ 12,098,561</u>

City of Port Angeles

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds**

For the Year Ended December 31, 2008

	Governmental Activities Internal Service Funds			Total
	Equipment Services	Information Technology	Self-Insurance	
OPERATING REVENUES				
Charges for services	\$ 1,848,097	\$ 882,816	\$ 3,855,116	\$ 6,586,029
Other revenue		5	232,899	232,904
Total operating revenues	<u>1,848,097</u>	<u>882,821</u>	<u>4,088,015</u>	<u>6,818,933</u>
OPERATING EXPENSES				
Operations and maintenance	1,126,375	643,682	4,008,903	5,778,960
Administrative and general	123,181	-	-	123,181
Taxes	8	-	90,105	90,113
Depreciation	532,157	131,896	-	664,053
Total operating expenses	<u>1,781,721</u>	<u>775,578</u>	<u>4,099,008</u>	<u>6,656,307</u>
Operating income (loss)	<u>66,376</u>	<u>107,243</u>	<u>(10,993)</u>	<u>162,626</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	297,985	64,404	62,221	424,610
Interest expense	(915)	-	-	(915)
Gain (loss) on sale of capital assets	3,784	-	-	3,784
Total nonoperating revenue (expenses)	<u>300,854</u>	<u>64,404</u>	<u>62,221</u>	<u>427,479</u>
Income before contributions and transfers	<u>367,230</u>	<u>171,647</u>	<u>51,228</u>	<u>590,105</u>
Change in net assets	<u>367,230</u>	<u>171,647</u>	<u>51,228</u>	<u>590,105</u>
Total net assets - beginning	<u>9,174,920</u>	<u>1,339,188</u>	<u>994,348</u>	<u>11,508,456</u>
Total net assets - ending	<u>\$ 9,542,150</u>	<u>\$ 1,510,835</u>	<u>\$ 1,045,576</u>	<u>\$ 12,098,561</u>

City of Port Angeles

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008**

	Governmental Activities Internal Service Funds			Total
	Equipment Services	Information Technology	Self- Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 1,833,960	\$ 692,329	\$ 4,117,724	\$ 6,644,013
Payments to suppliers	(731,910)	(374,939)	(4,112,366)	(5,219,215)
Payments to employees	(391,731)	(338,868)	-	(730,599)
Payments for taxes	(936)	(1,921)	-	(2,857)
Payments for interfund services received	(123,132)	(2,563)	-	(125,695)
Net cash provided by operating activities	<u>586,251</u>	<u>(25,961)</u>	<u>5,358</u>	<u>565,646</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Revenues (for noncapital purposes)	<u>14,778</u>	<u>-</u>	<u>-</u>	<u>14,778</u>
Net cash provided by noncapital financing activities	<u>14,778</u>	<u>-</u>	<u>-</u>	<u>14,778</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments from other funds	-	209,824	-	209,824
Proceeds from sale of capital assets	5,566	-	-	5,566
Acquisition and construction of capital assets	(134,620)	(86,741)	-	(221,361)
Principal paid on capital debt	(27,662)	(63,485)	-	(91,147)
Interest paid on capital debt	(915)	-	-	(915)
Net cash used by capital and related financing activities	<u>(157,631)</u>	<u>59,598</u>	<u>-</u>	<u>(98,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	<u>299,776</u>	<u>65,289</u>	<u>62,431</u>	<u>427,496</u>
Net cash provided by investing activities	<u>299,776</u>	<u>65,289</u>	<u>62,431</u>	<u>427,496</u>
Net increase (decrease) in cash and cash equivalents	743,174	98,926	67,789	909,888
Cash and cash equivalents - January 1	<u>5,150,245</u>	<u>1,194,085</u>	<u>1,225,950</u>	<u>7,570,280</u>
Cash and cash equivalents - December 31	<u>\$ 5,893,419</u>	<u>\$ 1,293,011</u>	<u>\$ 1,293,739</u>	<u>\$ 8,480,168</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008**

	Governmental Activities Internal Service Funds			Total
	Equipment Services	Information Technology	Self- Insurance	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 66,376	\$ 107,243	\$ (10,993)	\$ 162,626
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	532,157	131,896	-	664,053
Increase/decrease in assets and liabilities:				
Receivables, net	16,370	35,992	(6,132)	46,230
Inventories	(7,138)	-	-	(7,138)
Other current assets	-	885	-	885
Accounts and other payables	(23,305)	(296,884)	22,349	(297,840)
Wages payable	-	(4,607)	134	(4,473)
Due to other governments	(190)	(33)	-	(223)
Due to other funds	(245)	-	-	(245)
Other Liabilities	2,226	(454)	-	1,772
Net cash provided by operating activities	<u>\$ 586,250</u>	<u>\$ (25,961)</u>	<u>\$ 5,358</u>	<u>\$ 565,647</u>

Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2008

	<u>Off Street Parking</u>	<u>Utility Contribution Program</u>	<u>Total Nonmajor Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,828	\$ 4,836	\$ 7,664
Receivables:			
Customer accounts	14,809	629	15,438
Total assets	<u>17,637</u>	<u>5,465</u>	<u>23,102</u>
 LIABILITIES			
Payables:			
Accounts Payable	2,690	2,224	4,914
Due to other governments	96	-	96
Other payables	14,851	3,241	18,092
Total liabilities	<u>\$ 17,637</u>	<u>\$ 5,465</u>	<u>\$ 23,102</u>

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008**

Off Street Parking				
	<u>Balance</u>			<u>Balance</u>
	01/01/08	Increases	Decreases	12/31/08
ASSETS				
Cash and cash equivalents	\$ 4,903	\$ 75,440	\$ 77,516	\$ 2,827
Receivables:				
Customer accounts	12,332	56,640	54,162	14,810
Total assets	<u>17,235</u>	<u>132,080</u>	<u>131,678</u>	<u>17,637</u>
LIABILITIES				
Accounts payable	4,699	66,722	68,731	2,690
Due to other governments	135	292	331	96
Other payables	12,401	79,088	76,638	14,851
Total liabilities	<u>\$ 17,235</u>	<u>\$ 146,102</u>	<u>\$ 145,700</u>	<u>\$ 17,637</u>

Utility Contribution Program				
	<u>Balance</u>			<u>Balance</u>
	01/01/08	Increases	Decreases	12/31/08
ASSETS				
Cash and cash equivalents	\$ 5,574	\$ 9,611	\$ 10,349	\$ 4,836
Receivables:				
Customer accounts	539	9,703	9,613	629
Total assets	<u>6,113</u>	<u>19,314</u>	<u>19,962</u>	<u>5,465</u>
LIABILITIES				
Accounts payable	-	12,544	10,320	2,224
Other payables	6,113	9,704	12,576	3,241
Total liabilities	<u>\$ 6,113</u>	<u>\$ 22,248</u>	<u>\$ 22,896</u>	<u>\$ 5,465</u>

Total Agency Funds				
	<u>Balance</u>			<u>Balance</u>
	01/01/08	Increases	Decreases	12/31/08
ASSETS				
Cash and cash equivalents	\$ 10,477	\$ 85,051	\$ 87,865	\$ 7,663
Receivables:				
Customer accounts	12,871	66,343	63,775	15,439
Total assets	<u>23,348</u>	<u>151,394</u>	<u>151,640</u>	<u>23,102</u>
LIABILITIES				
Accounts Payable	4,699	79,266	79,051	4,914
Due to other governments	135	292	331	96
Other payables	18,514	88,792	89,214	18,092
Total liabilities	<u>\$ 23,348</u>	<u>\$ 168,350</u>	<u>\$ 168,596</u>	<u>\$ 23,102</u>

**CITY OF PORT ANGELES
SCHEDULE 4
GENERAL FUND #001
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 4,949,243
311.10	Real & Personal Property Taxes	3,397,812
312.00	Timber Harvest Tax	202
313.10	Local Retail Sales & Use Taxes	3,209,825
314.51	Utility Tax-Electric	1,832,256
314.52	Utility Tax-Water	367,452
314.54	Utility Tax-Wastewater	477,803
314.55	Utility Tax-Solid Waste	240,177
314.56	Utility Tax-Landfill	378,921
314.58	Utility Tax-Stormwater	56,715
316.41	Privately Owned Electric Utility Taxes	1,240
316.45	Non-City Collection Providers	15,700
316.47	Privately Owned Telephone Utility Taxes	639,727
317.20	Leasehold Excise Taxes	118,417
317.51	Punch Board & Pull Tabs Taxes	39,899
317.52	Bingo & Raffles Taxes	3,657
317.53	Cardroom Taxes	141,853
321.60	Professional & Occupational Licenses & Permits	210
321.90	Business Licences	2,232
321.91	Franchise Fees	139,348
322.10	Building/Structure/Equipment Permits	245,783
322.30	Animal Licenses	2,681
322.40	Street & Curb Permits	7,248
322.90	Other Non-Business Licenses & Permits	4,219
330.10.00	CCFD #2	3,936
331.16.60	DOJ/Bullet Proof Vests	3,133
331.97.04	FEMA/Assistance to Firefighters	201,565
333.16.58	STOPP Grant	15,074
333.16.73	Justice Assistance Grant	9,340
333.20.60	Dept of Transportation Grant	1,363
334.03.50	Traffic Safety Commission Grant	2,664
334.04.20	Dept Comm Trade Econ Dev Grant	37,500
335.91.00	PUD Privilege Tax	378
336.06.20	MVET-Criminal Justice-Special Distribution/Cities	21,017
336.06.21	MVET-Criminal Justice-Violent Crimes/Population	3,921
336.06.26	MVET-Criminal Justice-Special Program	15,122
336.06.51	DUI-Cities	3,435
336.06.94	Liquor Excise	91,909
336.06.95	Liquor Board Profits	131,814
338.21.00	OPNET	97,949
338.58.00	PDA	16,388

**CITY OF PORT ANGELES
SCHEDULE 4
GENERAL FUND #001
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
341.50	Sales of Maps & Publications	\$ 549
341.60	Word Processing/Printing/Duplicating	1,258
342.10	Law Enforcement Services	45,552
342.20	Fire Protection Services	26,341
343.19	Environmental/Preservation Fees	3,945
343.20	Engineering Fees & Charges	78
343.60	Cemetery Fees & Charges	123,447
345.81	Zoning & Subdivision Fees	5,174
345.83	Plan Checking Fees	67,009
347.30	Activity Fees	210,409
347.90	Other Fees & Charges	38,532
348.95	Engineering/Architect Service Fees	2,805
349.11	Internal Service Charges-Legislative	40,933
349.13	Internal Service charges - Executive	436,894
349.14	Internal Service Charges-Financial	1,654,542
349.15	Internal Service Charges-Legal	273,439
349.18	Internal Service Charges-Central Services	267,361
349.22	Internal Service charges - Fire Protection	85,636
349.32	Internal Service Charges-Engineering	1,179,974
349.57	Internal Service Charges-Planning	47,000
359.90	Fines & Forfeits	295,202
361.11	Investment Interest	413,381
361.40	Interest-Contracts/Notes/Taxes	20,261
362.40	Space/Facility Rent (Short Term)	23,293
362.50	Space/Facility Rent (Long Term)	29,339
362.80	Concession Proceeds	9
366.90	Interdepartmental Revenue	198
369.30	Confiscated/Forfeited Property	2,351
369.40	Judgements & Settlements	19,835
369.81	Cashiers' Overages & Shortages	65
369.90	Other Miscellaneous Revenues	18,657
379.00	Capital Contributions	5,332
	TOTAL REVENUES	\$ 17,318,686
397.00	Transfers-In	294,200
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 22,562,129

**CITY OF PORT ANGELES
SCHEDULE 4
LODGING EXCISE TAX FUND #101
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 375,342
313.30	Motel/Hotel Transient Taxes	493,647
361.11	Investment Interest	21,114
	TOTAL REVENUES	\$ 514,761
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 890,103

**CITY OF PORT ANGELES
SCHEDULE 4
STREET FUND #102
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 607,809
311.10	Real & Personal Property Taxes	477,524
322.10	Non-Business Licenses & Permits	3,470
333.97.36	Disaster Grant	1,793
334.01.80	FEMA Grants	287
336.10.87	M.V. Fuel Tax - City Street	435,257
344.10	Street Maintenance & Repairs	302
361.11	Investment Interest	36,766
366.90	Interdepartmental Revenue	26,966
369.40	Judgements & Settlements	21,617
369.90	Other Miscellaneous Revenues	7,337
379.00	Capital Contributions	1,568
	TOTAL REVENUES	\$ 1,012,887
397.00	Transfers In	516,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,136,696

**CITY OF PORT ANGELES
SCHEDULE 4
ECONOMIC DEVELOPMENT FUND #103
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 8,542,592
334.03.10	Dept of Ecology Grant	20,000
338.58.00	PDA	482
361.11	Investment Interest	361,559
361.40	Int on Contr/Notes/Taxes	887
	TOTAL REVENUES	\$ 382,928
397.00	Operating Transfers-In	205,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 9,130,520

CITY OF PORT ANGELES
SCHEDULE 4
COMMUNITY DEVELOPMENT GRANTS FUND #104
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 34,808
361.11	Investment Interest	1,891
	TOTAL REVENUES	\$ 1,891
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 36,699

**CITY OF PORT ANGELES
SCHEDULE 4
REAL ESTATE EXCISE TAX #1 FUND #105
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 479,850
317.34	Real Estate Excise Tax	110,046
361.11	Investment Interest	28,957
	TOTAL REVENUES	\$ 139,003
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 618,853

**CITY OF PORT ANGELES
SCHEDULE 4
CULTURAL RESOURCES FUND #106
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ -
361.11	Investment Interest	22,592
369.90	Other Miscellaneous Revenues	1,004
	TOTAL REVENUES	\$ 23,596
397.00	Operating Transfers-In	449,663
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 473,259

CITY OF PORT ANGELES
SCHEDULE 4
PENCOM FUND #107
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 825,303
313.10	Local Sales & Use Tax	1,117,877
334.01.82	Enhanced 911 Program	(22,615)
338.28	Emergency Communications/Dispatch	860,765
349.28	Pencom Services Charges	221,760
361.11	Investment Interest	40,175
369.90	Other Miscellaneous Revenues	300
	TOTAL REVENUES	\$ 2,218,262
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 3,043,565

CITY OF PORT ANGELES
SCHEDULE 4
CRIMINAL JUSTICE FUND #108
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 299,727
313.71	Local Retail Sales & Use Taxes	259,306
361.11	Investment Interest	17,147
	TOTAL REVENUES	\$ 276,453
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 576,180

**CITY OF PORT ANGELES
SCHEDULE 4
K-9 PROGRAM FUND #120
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 23,986
361.11	Investment Interest	755
	TOTAL REVENUES	\$ 755
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 24,741

CITY OF PORT ANGELES
SCHEDULE 4
ELECTRIC UTILITY RURAL ECONOMIC DEVELOPMENT FUND #150
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 190,884
361.11	Investment Interest	11,544
	TOTAL REVENUES	\$ 11,544
397.00	Operating Transfers-In	50,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 252,428

CITY OF PORT ANGELES
SCHEDULE 4
TREATMENT PLANT OPERATIONS & MAINTENANCE FUND #155
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 5,465,975
333.50.55	Olympic Park Foundation	2,202,083
361.11	Investment Interest	352,892
	TOTAL REVENUES	\$ 2,554,975
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 8,020,950

CITY OF PORT ANGELES
SCHEDULE 4
REAL ESTATE EXCISE TAX #2 FUND #160
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 296,527
317.35	Real Estate Exise Tax	110,046
361.11	Investment Interest	18,260
	TOTAL REVENUES	\$ 128,306
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 424,833

CITY OF PORT ANGELES
SCHEDULE 4
P.A. HOUSING REHAB PROJECT FUND #172
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 409,880
333.14.22	Department of Community Trade & Economic Development Grant	741,564
361.11	Investment Interest	24,165
368.00	Special Assessment Principal/Current	39,130
369.90	Other Miscellaneous Revenues	200
	TOTAL REVENUES	\$ 805,059
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,214,939

CITY OF PORT ANGELES
SCHEDULE 4
RECREATIONAL ACTIVITIES FUND #174
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 100,587
347.60	Program Fees	182,109
361.11	Investment Interest	6,798
367.11	Contributions/Donations-Private	705
	TOTAL REVENUES	\$ 189,612
397.00	Operating Transfers-In	177,500
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 467,699

**CITY OF PORT ANGELES
SCHEDULE 4
FIREARMS RANGE FUND #178
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 5,063
338.21	Range User Fees	8,706
361.11	Investment Interest	547
	TOTAL REVENUES	\$ 9,253
397.00	Operating Transfers-In	7,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 21,316

**CITY OF PORT ANGELES
SCHEDULE 4
DRUG TASK FORCE FUND #182
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 22,995
361.11	Investment Interest	791
369.30	Confiscated/Forfeited Prop	2,345
	TOTAL REVENUES	\$ 3,136
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 26,131

CITY OF PORT ANGELES
SCHEDULE 4
SENIOR CENTER MAINTENANCE FUND #184
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 55,896
361.11	Investment Interest	3,037
	TOTAL REVENUES	\$ 3,037
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 58,933

CITY OF PORT ANGELES
SCHEDULE 4
WATERFRONT TRAIL FUND #186
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 30,252
361.11	Investment Interest	2,130
367.11	Contributions/Donations-Private	1,100
	TOTAL REVENUES	\$ 3,230
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 33,482

CITY OF PORT ANGELES
SCHEDULE 4
CONTINGENCY FUND #199
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 250,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 250,000

CITY OF PORT ANGELES
SCHEDULE 4
L.I.D. CONTROL FUND #208
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 138,935
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 138,935

CITY OF PORT ANGELES
SCHEDULE 4
2001 G.O. REFUNDING BOND FUND #211
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 118,681
311.10	Real & Personal Property Taxes	387,516
361.11	Investment Interest	9,514
	TOTAL REVENUES	\$ 397,030
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 515,711

CITY OF PORT ANGELES
SCHEDULE 4
2005 G.O. REFUNDING BOND FUND #212
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 7,675
311.10	Real & Personal Property Taxes	275,417
361.11	Investment Interest	2,325
	TOTAL REVENUES	\$ 277,742
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 285,417

CITY OF PORT ANGELES
SCHEDULE 4
2005 LTGO BOND FUND #214
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 558
397.00	Operating Transfers-In	249,265
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 249,823

CITY OF PORT ANGELES
SCHEDULE 4
2006 LTGO BOND FUND #215
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 788,513
361.11	Investment Interest	39,599
362.30	Parking Revenue	18,000
	TOTAL REVENUES	\$ 57,599
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 846,112

CITY OF PORT ANGELES
SCHEDULE 4
CAPITAL IMPROVEMENT FUND #310
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 2,601,802
333.20.21	FWHA - Street Projects	20,349
334.02.71	Recreation and Conservation Funding Board	98,954
334.03.80	Transportation Improvement Board	527,486
367.11	Gifts/Pledges-Private Sources	51,400
369.90	Miscellaneous Revenues	6,768
	TOTAL REVENUES	\$ 704,957
395.10	Proceeds from Sale of Fixed Assets	59,992
397.00	Transfers-In	2,781,332
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 6,148,083

CITY OF PORT ANGELES
SCHEDULE 4
PROPERTY MANAGEMENT FUND #314
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 187,068
361.11	Investment Interest	6,724
362.50	Space/Facility Rent-Long Term	3,071
	TOTAL REVENUES	\$ 9,795
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 196,863

**CITY OF PORT ANGELES
SCHEDULE 4
LINCOLN PARK IMPROVEMENT FUND #316
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 108,881
361.11	Investment Interest	8,135
362.40	Longhouse/Clubhouse Rental	3,105
	TOTAL REVENUES	\$ 11,240
397.00	Transfers In	52,490
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 172,611

CITY OF PORT ANGELES
SCHEDULE 4
SENIOR CENTER CONSTRUCTION FUND #319
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 230,529
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 230,529

**CITY OF PORT ANGELES
SCHEDULE 4
8TH STREET BRIDGE RECONSTRUCTION FUND #328
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 616,055
333.20.23	FWHA BRAC Grant	12,572,857
	TOTAL REVENUES	\$ 12,572,857
397.00	Transfers In	1,200,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 14,388,912

CITY OF PORT ANGELES
SCHEDULE 4
ELECTRIC FUND #401
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 17,179,354
291.74	BEGINNING FUND BALANCE-UNRESERVED	6,160,065
322.10	Buildings/Structures/Equipment	49,015
331.15.91	National Park Service/Elwha Mitigation	345,430
333.97.36	Dept of Homeland Security/Disaster Grant	22,951
334.01.80	Department of Military/FEMA	2,845
338.31	Environment/Conservation Services	13,636
338.42	Road/Street Maintenance Services	14,025
341.70	Sale of Merchandise	3,180
343.30	Sales of Electricity	30,628,097
361.11	Investment Interest	356,336
361.40	Interest-Contracts/Notes/Loans	32,796
362.50	Space/Facility Rent	56,546
366.90	Interdepartmental Revenue	552
369.10	Sale of Scrap Material	2,058
369.40	Judgements & Settlements	1,053,370
369.90	Other Miscellaneous Revenues	21,575
379.00	Capital Contributions	287,846
395.40	Gain/Loss on Disposition	\$ 776,745
	TOTAL REVENUES	\$ 33,667,003
389.00	Other Nonrevenues	250

CITY OF PORT ANGELES
SCHEDULE 4
WATER FUND #402
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 11,194,022
291.74	BEGINNING FUND BALANCE-UNRESERVED	3,815,710
343.20	Enginerring Charges	250
343.40	Water Sales	4,613,596
343.50	Uncollected Amounts Recovered	949
361.11	Investment Interest	131,210
361.40	Delinquent Interest	10,894
366.90	Interdepartmental Revenue	516
369.10	Sale of Scrap & Junk	2,333
369.40	Judgements & Settlements	3,026
379.00	Capital Contributions	15,000
	TOTAL REVENUES	\$ 4,777,774
397.00	Transfers In	\$ 39,708
382.70	Other Note Proceeds	660,000

CITY OF PORT ANGELES
SCHEDULE 4
WASTEWATER FUND #403
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 24,851,144
291.74	BEGINNING FUND BALANCE-UNRESERVED	7,229,045
322.10	Buildings/Structures/Equipment	5,936
343.20	Engineering charges	186
343.50	Sewer Service	5,931,304
343.50	ULID 215 Equiv Svc Connect	10,702
349.31	Internal Service Charges	32,340
361.11	Investment Interest	494,025
361.40	Delinquent Interest	10,340
366.90	Interdepartmental Revenue	30,566
369.90	Other Miscellaneous Revenues	2,000
379.00	Capital Contributions	1,402,305
	TOTAL REVENUES	\$ 7,919,704
382.70	Other Note Proceeds	2,147,500

CITY OF PORT ANGELES
SCHEDULE 4
SOLID WASTE COLLECTION FUND #404
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 25,126
291.74	BEGINNING FUND BALANCE-UNRESERVED	3,378,590
343.70	Solid Waste Fees & Charges	3,150,667
361.11	Investment Interest	175,907
361.40	Delinquent Interest	6,353
	TOTAL REVENUES	\$ 3,332,927

CITY OF PORT ANGELES
SCHEDULE 4
SOLID WASTE TRANSFER STATION/LANDFILL FUND #405
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 3,251,635
291.74	BEGINNING FUND BALANCE-UNRESERVED	3,123,026
334.03.10	Department of Ecology Grant	80,004
343.70	Solid Waste Fees & Charges	4,736,393
361.11	Investment Interest	354,123
361.40	Delinquent Interest	1,422
362.50	Space/Facility Rent (Long Term)	11,700
369.81	Cashier's Overages/Shortages	(346)
369.40	Judgements & Settlements	100
369.90	Other Miscellaneous Revenues	24,697
	TOTAL REVENUES	\$ 5,208,093

CITY OF PORT ANGELES
SCHEDULE 4
STORMWATER FUND #406
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 1,194,481
291.74	BEGINNING FUND BALANCE-UNRESERVED	184,042
334.03.10	Department of Ecology Grant	19,465
343.20	Engineering charges	1,140
343.83	Stormwater Revenue	708,935
361.11	Investment Interest	15,249
	TOTAL REVENUES	\$ 744,789

CITY OF PORT ANGELES
SCHEDULE 4
MEDIC I FUND #409
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 6,495
291.74	BEGINNING FUND BALANCE-UNRESERVED	177,691
334.04.60	DSHS Grant	1,644
342.20	Fire protection services	14,532
342.60	Ambulance and Emergency Aid Fees	1,052,573
342.90	Uncollectable Amounts Recovered	475
361.11	Investment Interest	2,822
361.40	Medic I Penalty-Utility Bill	1,058
369.90	Miscellaneous Revenues	724
	TOTAL REVENUES	\$ 1,073,828
397.10	Transfers In	\$ 300,000

CITY OF PORT ANGELES
SCHEDULE 4
CONSERVATION FUND #421
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ -
361.11	Investment Interest	2,112
	TOTAL REVENUES	\$ 2,112
397.10	Transfers In	\$ 1,568,506

**CITY OF PORT ANGELES
SCHEDULE 4
EQUIPMENT SERVICES FUND #501
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 8,954,103
291.74	BEGINNING FUND BALANCE-UNRESERVED	220,818
348.30	Pool/Vehicle Usage	744,257
348.90	Interfund Service Charges	1,103,840
361.11	Investment Interest	297,985
	TOTAL REVENUES	\$ 2,146,082
395.40	Gain/Loss on Disposition	3,784

CITY OF PORT ANGELES
SCHEDULE 4
INFORMATION TECHNOLOGY FUND #502
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 283,766
291.74	BEGINNING FUND BALANCE-UNRESERVED	1,055,423
348.80	Data Processing Services	882,816
361.11	Investment Interest	64,404
369.90	Other Miscellaneous Revenues	5
	TOTAL REVENUES	\$ 947,225

**CITY OF PORT ANGELES
SCHEDULE 4
SELF-INSURANCE FUND #503
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	\$ 994,348
361.11	Investment Interest	62,221
365.90	General Liability	443,513
365.90	Other Insurance Programs	3,012,701
365.90	Worker's Compensation	398,903
369.90	Employee Contributions	232,899
	TOTAL REVENUES	\$ 4,150,237

**CITY OF PORT ANGELES
SCHEDULE 4
CEMETERY ENDOWMENT FUND #601
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.74	BEGINNING FUND BALANCE-UNRESERVED	340,787
361.11	Investment Interest	17,868
	TOTAL REVENUES	\$ 17,868
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 358,655

CITY OF PORT ANGELES
SCHEDULE 4
ESTHER WEBSTER TRUST FUND #652
DETAIL OF REVENUES & OTHER SOURCES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.71	BEGINNING FUND BALANCE-RESERVED	\$ 671,981
291.74	BEGINNING FUND BALANCE-UNRESERVED	95,741
334.05.81	State Grant	3,375
361.11	Investment Interest	(19)
361.32	Gain/Loss on Investments	(186,347)
367.11	Gifts/Pledges-Private Sources	146,150
	TOTAL REVENUES	\$ (36,841)
397.00	Transfers In	55,000
	BEGINNING FUND BALANCE, TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 785,881

**CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
<u>Legislative</u>		
511.60.10	Salaries & Wages	\$ 48,100
511.60.20	Personnel Benefits	5,169
511.60.30	Supplies	2,459
511.60.40	Other Services & Charges	9,788
<u>Executive</u>		
513.10.10	Salaries & Wages	293,393
513.10.20	Personnel Benefits	64,489
513.10.30	Supplies	2,342
513.10.40	Other Services & Charges	66,948
513.11.10	Salaries & Wages	1,846
513.11.30	Supplies	250
513.11.40	Other Services & Charges	3,689
<u>Finance/Records</u>		
514.10.10	Salaries & Wages	222,629
514.10.20	Personnel Benefits	68,320
514.10.30	Supplies	4,314
514.10.40	Other Services & Charges	165,872
514.10.50	Intergovernmental	2,861
514.23.10	Salaries & Wages	425,542
514.23.20	Personnel Benefits	151,945
514.23.30	Supplies	13,522
514.23.40	Other Services & Charges	55,340
514.25.10	Salaries & Wages	453,511
514.25.20	Personnel Benefits	176,633
514.25.30	Supplies	10,227
514.25.40	Other Services & Charges	221,606
514.25.50	Intergovernmental	190
514.30.10	Salaries & Wages	75,624
514.30.20	Personnel Benefits	46,196
514.30.30	Supplies	785
514.30.40	Other Services & Charges	29,205
514.80.30	Supplies	10,400
514.80.40	Other Services & Charges	79,300

CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
	<u>Legal</u>	
515.10.10	Salaries & Wages	\$ 273,706
515.10.20	Personnel Benefits	80,955
515.10.30	Supplies	10,272
515.10.40	Other Services & Charges	8,643
515.21.10	Salaries & Wages	132,157
515.21.20	Personnel Benefits	45,426
515.21.30	Supplies	9,784
515.21.40	Other Services & Charges	45,417
515.21.50	Intergovernmental	108,306
	<u>Personnel</u>	
516.20.10	Salaries & Wages	161,036
516.20.20	Personnel Benefits	46,071
516.20.30	Supplies	2,875
516.20.40	Other Services & Charges	6,296
	<u>Custodial/Janitorial</u>	
518.30.10	Salaries & Wages	98,766
518.30.20	Personnel Benefits	33,669
518.30.30	Supplies	16,920
518.30.40	Other Services & Charges	200,695
518.31.10	Salaries & Wages	26,880
518.31.20	Personnel Benefits	9,159
518.31.30	Supplies	9,264
518.31.40	Other Services & Charges	21,850
519.90.40	Other General Governmental Services & Charges	132,062

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CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
	<u>Law Enforcement</u>	
521.10.10	Salaries & Wages	\$ 285,210
521.10.20	Personnel Benefits	62,483
521.10.30	Supplies	5,970
521.10.40	Other Services & Charges	40,827
521.12.40	Other Services & Charges	246,838
521.21.10	Salaries & Wages	472,908
521.21.20	Personnel Benefits	114,103
521.21.30	Supplies	4,222
521.21.40	Other Services & Charges	39,698
521.22.10	Salaries & Wages	1,644,197
521.22.20	Personnel Benefits	659,019
521.22.30	Supplies	46,712
521.22.40	Other Services & Charges	238,966
521.22.50	Intergovernmental	4,500
521.26.30	Supplies	7,344
521.26.40	Other Services & Charges	1,201
521.29.10	Salaries & Wages	231,730
521.29.20	Personnel Benefits	90,718
521.29.30	Supplies	16,638
521.29.40	Other Services & Charges	18,610
521.50.30	Supplies	653
521.50.40	Other Services & Charges	2,725

CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
	<u>Fire Control</u>	
522.10.10	Salaries & Wages	\$ 162,571
522.10.20	Personnel Benefits	129,176
522.10.30	Supplies	5,917
522.10.40	Other Services & Charges	20,896
522.12.40	Other Services & Charges	6,636
522.20.10	Salaries & Wages	776,901
522.20.20	Personnel Benefits	226,214
522.20.30	Supplies	18,533
522.20.40	Other Services & Charges	198,644
522.21.10	Salaries & Wages	28,604
522.21.20	Personnel Benefits	401
522.21.30	Supplies	13,144
522.21.40	Other Services & Charges	8,082
522.30.10	Salaries & Wages	94,153
522.30.20	Personnel Benefits	19,725
522.30.30	Supplies	7,709
522.30.40	Other Services & Charges	8,715
522.40.10	Salaries & Wages	87,334
522.40.20	Personnel Benefits	20,851
522.40.30	Supplies	3,451
522.40.40	Other Services & Charges	6,921
522.50.30	Supplies	2,750
522.50.40	Other Services & Charges	34,685
	<u>Protective Inspections</u>	
524.20.10	Salaries & Wages	126,860
524.20.20	Personnel Benefits	56,466
524.20.30	Supplies	2,691
524.20.40	Other Services & Charges	13,820
	<u>Emergency Services</u>	
525.60.30	Supplies	651
525.60.40	Other Services & Charges	2,316

CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
<u>Facility Engineering</u>		
532.10.10	Salaries & Wages	\$ 1,061,686
532.10.20	Personnel Benefits	358,733
532.10.30	Supplies	31,674
532.10.40	Other Services & Charges	80,357
<u>Cemetery</u>		
536.50.10	Salaries & Wages	45,615
536.50.20	Personnel Benefits	31,798
536.50.30	Supplies	33,473
536.50.40	Other Services & Charges	36,520
<u>Aging and Adult Services</u>		
555.12.10	Salaries & Wages	79,764
555.12.20	Personnel Benefits	21,168
555.12.30	Supplies	9,596
555.12.40	Other Services & Charges	54,264
<u>Planning and Community Development</u>		
558.10.10	Salaries & Wages	212,570
558.10.20	Personnel Benefits	69,765
558.10.30	Supplies	5,215
558.10.40	Other Services & Charges	16,553
<u>Housing and Community Development</u>		
559.30.10	Salaries & Wages	19,635
559.30.20	Personnel Benefits	8,792
559.30.40	Other Services & Charges	3,602
<u>Participant Recreation</u>		
574.10.10	Salaries & Wages	123,978
574.10.20	Personnel Benefits	41,485
574.10.30	Supplies	16,802
574.10.40	Other Services & Charges	20,475

**CITY OF PORT ANGELES
SCHEDULE 5
GENERAL FUND #001
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
	<u>Park Facilities</u>	
576.20.10	Salaries & Wages	\$ 309,751
576.20.20	Personnel Benefits	83,630
576.20.30	Supplies	45,217
576.20.40	Other Services & Charges	105,786
576.20.50	Intergovernmental	183
576.80.10	Salaries & Wages	593,964
576.80.20	Personnel Benefits	254,104
576.80.30	Supplies	118,398
576.80.40	Other Services & Charges	279,641
576.80.50	Intergovernmental	335
576.90.40	Other Services & Charges	45,000
594.22.60	Capital Outlay	212,173
594.32.60	Capital Outlay	32,676
597.13.50	Transfers Out	60,000
597.14.50	Transfers Out	45,116
597.28.50	Transfers Out	300,000
597.44.50	Transfers Out	391,000
597.76.50	Transfers Out	202,500
597.95.50	Transfers Out	1,850,000
598.23.50	Intergovernmental Payments	\$ 338,322
291.84	UNRESERVED ENDING FUND BALANCE	\$ 4,398,023
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 22,562,132

**CITY OF PORT ANGELES
SCHEDULE 5
LODGING EXCISE TAX FUND #101
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
557.30.40	Other Services & Charges	\$ 900
557.30.50	Intergovernmental	336,441
594.79.60	Capital Outlay	40,000
597.76.50	Transfers Out	30,000
597.95.50	Transfers Out	17,818
291.84	UNRESERVED ENDING FUND BALANCE	\$ 464,944
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 890,103

CITY OF PORT ANGELES
SCHEDULE 5
STREET FUND #102
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
542.30.10	Salaries & Wages	\$ 550,437
542.30.20	Personnel Benefits	228,182
542.30.30	Supplies	157,978
542.30.40	Other Services & Charges	530,090
542.30.50	Intergovernmental	3,771
291.84	UNRESERVED ENDING FUND BALANCE	\$ 666,238
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 2,136,696

**CITY OF PORT ANGELES
SCHEDULE 5
ECONOMIC DEVELOPMENT FUND #103
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
558.10.10	Salaries & Wages	\$ 45,031
558.10.20	Personnel Benefits	14,549
558.10.30	Supplies	462
558.10.40	Other Services & Charges	224,812
597.19.50	Transfers Out	449,663
597.95.50	Transfers Out	2,000,000
291.84	UNRESERVED ENDING FUND BALANCE	\$ 6,396,002
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 9,130,519

CITY OF PORT ANGELES
SCHEDULE 5
COMMUNITY DEVELOPMENT GRANTS FUND #104
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.84	UNRESERVED ENDING FUND BALANCE	\$ 36,699
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 36,699

CITY OF PORT ANGELES
SCHEDULE 5
REAL ESTATE EXCISE TAX #1 FUND #105
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.95.70	Debt Service - Principal	\$ 41,495
592.95.80	Debt Service - Interest	3,922
597.95.50	Debt Service Transfer Out	21,890
291.84	UNRESERVED ENDING FUND BALANCE	\$ 551,546
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 618,853

**CITY OF PORT ANGELES
SCHEDULE 5
CULTURAL RESOURCES FUND #106
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
558.12.10	Salaries & Wages	\$ 66,399
558.12.20	Personnel Benefits	24,511
558.12.30	Supplies	1,933
558.12.40	Other Services & Charges	40,553
291.84	UNRESERVED ENDING FUND BALANCE	\$ 339,864
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 473,260

CITY OF PORT ANGELES
SCHEDULE 5
PENCOM FUND #107
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
528.60.10	Salaries & Wages	\$ 1,034,349
528.60.20	Personnel Benefits	411,895
528.60.30	Supplies	7,000
528.60.40	Other Services & Charges	276,579
528.60.50	Intergovernmental	102,907
594.28.60	Capital Outlay	302,522
291.84	UNRESERVED ENDING FUND BALANCE	\$ 908,314
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 3,043,566

CITY OF PORT ANGELES
SCHEDULE 5
CRIMINAL JUSTICE FUND #108
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
597.15.50	Transfers Out	\$ 35,000
597.21.50	Transfers Out	200,000
291.84	UNRESERVED ENDING FUND BALANCE	\$ 341,180
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 576,180

CITY OF PORT ANGELES
SCHEDULE 5
K-9 PROGRAM FUND #120
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
594.21.60	Capital Outlay	\$ 13,072
291.84	UNRESERVED ENDING FUND BALANCE	\$ 11,669
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 24,741

CITY OF PORT ANGELES
SCHEDULE 5
ELECTRIC UTILITY RURAL ECONOMIC DEVELOPMENT FUND #150
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
597.58.50	Transfers Out	\$ 25,000
291.84	UNRESERVED ENDING FUND BALANCE	\$ 227,428
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 252,428

**CITY OF PORT ANGELES
SCHEDULE 5
TREATMENT PLANT OPERATIONS & MAINTENANCE FUND #155
DETAIL OF EXPENDITURES AND OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.84	UNRESERVED ENDING FUND BALANCE	\$ 8,020,950
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 8,020,950

CITY OF PORT ANGELES
SCHEDULE 5
REAL ESTATE EXCISE TAX #2 FUND #160
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.95.70	Debt Service - Principal	\$ 80,427
592.95.80	Debt Service - Interest	10,456
291.84	UNRESERVED ENDING FUND BALANCE	\$ 333,951
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 424,834

**CITY OF PORT ANGELES
SCHEDULE 5
P. A. HOUSING REHAB PROJECT FUND #172
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
559.10.40	Other Services & Charges	\$ 9,361
559.10.50	Intergovernmental Agreements	35,829
559.59.40	Other Services & Charges	741,564
291.84	UNRESERVED ENDING FUND BALANCE	\$ 428,185
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 1,214,939

CITY OF PORT ANGELES
SCHEDULE 5
RECREATIONAL ACTIVITIES FUND #174
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
574.21.10	Salaries & Wages	\$ 57,516
574.21.20	Personnel Benefits	19,978
574.21.30	Supplies	8,835
574.21.40	Other Services & Charges	23,627
574.21.50	Intergovernmental	45
574.22.10	Salaries & Wages	37,812
574.22.20	Personnel Benefits	20,223
574.22.30	Supplies	15,672
574.22.40	Other Services & Charges	36,201
574.24.10	Salaries & Wages	101,642
574.24.20	Personnel Benefits	28,750
574.24.30	Supplies	10,400
574.24.40	Other Services & Charges	6,204
291.84	UNRESERVED ENDING FUND BALANCE	\$ 100,793
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 467,698

**CITY OF PORT ANGELES
SCHEDULE 5
FIREARMS RANGE FUND #178
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
521.51.30	Supplies	\$ 154
521.51.40	Other Services & Charges	4,899
291.84	UNRESERVED ENDING FUND BALANCE	\$ 16,265
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 21,318

CITY OF PORT ANGELES
SCHEDULE 5
DRUG TASK FORCE FUND #182
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
521.23.30	Supplies	\$ 3,182
521.23.50	Intergovernmental	377
597.21.50	Transfers Out	7,000
291.84	UNRESERVED ENDING FUND BALANCE	\$ 15,572
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 26,131

**CITY OF PORT ANGELES
SCHEDULE 5
SENIOR CENTER MAINTENANCE FUND #184
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.84	UNRESERVED ENDING FUND BALANCE	\$ 58,933
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 58,933

**CITY OF PORT ANGELES
SCHEDULE 5
WATERFRONT TRAIL FUND #186
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.84	UNRESERVED ENDING FUND BALANCE	\$ 33,482
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 33,482

**CITY OF PORT ANGELES
SCHEDULE 5
CONTINGENCY FUND #199
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.81	RESERVED ENDING FUND BALANCE	\$ 250,000
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 250,000

**CITY OF PORT ANGELES
SCHEDULE 5
L.I.D. CONTROL FUND #208
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.81	RESERVED ENDING FUND BALANCE	\$ 138,935
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 138,935

CITY OF PORT ANGELES
SCHEDULE 5
2001 G.O. REFUNDING BOND FUND #211
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.19.40	Other Services & Charges	\$ 304
591.19.70	Debt Service - Principal	330,000
591.19.80	Debt Service - Interest	60,113
291.81	RESERVED ENDING FUND BALANCE	\$ 125,295
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 515,712

CITY OF PORT ANGELES
SCHEDULE 5
2005 G.O. REFUNDING BOND FUND #212
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.89.40	Other Services & Charges	\$ 304
591.89.70	Debt Service - Principal	205,000
592.89.80	Debt Service - Interest	72,200
291.81	RESERVED ENDING FUND BALANCE	\$ 7,913
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 285,417

CITY OF PORT ANGELES
SCHEDULE 5
2005 LTGO BOND FUND #214
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.34.40	Other Services & Charges	\$ 304
591.34.70	Debt Service - Principal	120,000
592.34.80	Debt Service - Interest	129,265
291.81	RESERVED ENDING FUND BALANCE	\$ 255
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 249,824

CITY OF PORT ANGELES
SCHEDULE 5
2006 LTGO BOND FUND #215
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
591.95.70	Debt Service - Principal	\$ 9,685
592.95.80	Debt Service - Interest	77,205
291.81	RESERVED ENDING FUND BALANCE	\$ 759,222
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 846,112

**CITY OF PORT ANGELES
SCHEDULE 5
CAPITAL IMPROVEMENT FUND #310
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
594.32.40	Other Services & Charges	\$ 428
594.76.60	Capital Outlay	124,883
594.95.60	Capital Outlay	51,619
595.19.40	Other Services & Charges	267
595.32.40	Other Services & Charges	892
595.95.40	Other Services & Charges	(783,524)
595.95.60	Capital Outlay	(433,830)
598.95.40	Other Services & Charges	6,475,247
291.84	UNRESERVED ENDING FUND BALANCE	\$ 712,101
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 6,148,083

CITY OF PORT ANGELES
SCHEDULE 5
PROPERTY MANAGEMENT FUND #314
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
518.20.40	Other Services & Charges	\$ 29,556
597.76.50	Transfers Out	52,490
291.84	UNRESERVED ENDING FUND BALANCE	\$ 114,816
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 196,862

CITY OF PORT ANGELES
SCHEDULE 5
LINCOLN PARK IMPROVEMENT FUND #316
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.84	UNRESERVED ENDING FUND BALANCE	\$ 172,612
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 172,612

CITY OF PORT ANGELES
SCHEDULE 5
SENIOR CENTER CONSTRUCTION #319
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
594.55.40	Other Services & Charges	\$ 3,859
594.55.60	Capital Outlay	225,338
597.55.50	Transfers Out	1,332
291.84	UNRESERVED ENDING FUND BALANCE	\$ -
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 230,529

CITY OF PORT ANGELES
SCHEDULE 5
8TH STREET BRIDGES RECONSTRUCTION FUND #328
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
595.95.30	Supplies	\$ 6,251
595.95.40	Other Services & Charges	1,185,232
595.95.60	Capital Outlay	11,728,688
291.84	UNRESERVED ENDING FUND BALANCE	\$ 1,468,741
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 14,388,912

**CITY OF PORT ANGELES
SCHEDULE 5
ELECTRIC FUND #401
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
533.11.10	Electrical Engineering-Salaries & Wages	\$ 215,127
533.11.20	Electrical Engineering-Personnel Benefits	54,865
533.11.30	Electrical Engineering-Supplies	3,101
533.11.40	Electrical Engineering-Other Services & Charges	17,354
533.20.10	Power Resources-Salaries & Wages	256,791
533.20.20	Power Resources-Personnel Benefits	142,042
533.20.30	Power Resources-Supplies	20,703,484
533.20.40	Power Resources-Other Services & Charges	77,090
533.30.50	Depreciation	1,091,732
533.80.10	Light Operations-Salaries & Wages	1,291,400
533.80.20	Light Operations-Personnel Benefits	412,464
533.80.30	Light Operations-Supplies	609,299
533.80.40	Light Operations-Other Services & Charges	3,221,405
533.80.50	Light Operations-Intergovernmental	1,896,116
592.33.80	Debt Service - Interest	3,608
594.33.30	Supplies	32,268
594.33.40	Other Services & Charges	752
594.33.60	Capital Outlay	500,976
596.33.40	Other Services & Charges	9,261
597.14.50	Transfers Out	59,200
597.19.50	Transfers Out	110,000
597.33.50	Transfers Out	1,591,688
597.95.50	Transfers Out	25,000
291.81	RESERVED ENDING FUND BALANCE	\$ 18,220,956
291.84	UNRESERVED ENDING FUND BALANCE	\$ 7,867,773
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 58,413,752
582.33.70	Redemption of Long-Term Debt	\$ 215,000
533.98.90	Reclassification of capital to Statement of Net Assets	(1,407,086)

**CITY OF PORT ANGELES
SCHEDULE 5
WATER FUND #402
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
534.80.10	Salaries & Wages	\$ 649,533
534.80.20	Personnel Benefits	269,362
534.80.30	Supplies	248,086
534.80.40	Other Services & Charges	1,944,361
534.80.50	Intergovernmental	375,486
534.30.50	Depreciation	744,498
594.34.30	Supplies	3,453
594.34.40	Other Services & Charges	86,008
594.34.60	Capital Outlay	1,556,972
596.34.40	Other Services & Charges	8,326
597.19.50	Transfers Out	30,000
597.34.50	Transfers Out	126,627
597.95.50	Transfers Out	25,000
291.81	RESERVED ENDING FUND BALANCE	\$ 12,607,687
291.84	UNRESERVED ENDING FUND BALANCE	\$ 2,928,519
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 21,603,918
582.34.70	Redemption of Long-Term Debt	481,084
534.98.90	Reclassification of capital to Statement of Net Assets	(1,776,705)

CITY OF PORT ANGELES
SCHEDULE 5
WASTEWATER FUND #403
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
535.80.10	Salaries & Wages	\$ 622,157
535.80.20	Personnel Benefits	250,129
535.80.30	Supplies	201,036
535.80.40	Other Services & Charges	1,585,236
535.80.50	Intergovernmental	488,692
535.30.50	Depreciation	1,495,370
592.35.80	Debt Service - Interest	16,401
594.35.30	Supplies	8
594.35.40	Other Services & Charges	434,431
594.35.60	Capital Outlay	1,406,236
596.35.40	Other Services & Charges	8,326
597.19.50	Transfers Out	30,000
597.35.50	Transfers Out	54,340
597.95.50	Transfers Out	25,000
291.81	RESERVED ENDING FUND BALANCE	\$ 24,474,170
291.84	UNRESERVED ENDING FUND BALANCE	\$ 10,883,697
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 41,975,229
582.35.70	Redemption of Long-Term Debt	628,932
535.98.90	Reclassification of capital to Statement of Net Assets	(1,975,338)

CITY OF PORT ANGELES
SCHEDULE 5
SOLID WASTE COLLECTION FUND #404
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
537.80.10	Salaries & Wages	\$ 287,886
537.80.20	Personnel Benefits	188,917
537.80.30	Supplies	26,750
537.80.40	Other Services & Charges	2,207,252
537.80.50	Intergovernmental	247,094
537.31.50	Depreciation	1,995
597.42.50	Operating Transfers Out	125,000
291.81	RESERVED ENDING FUND BALANCE	\$ 23,132
291.84	UNRESERVED ENDING FUND BALANCE	\$ 3,628,619
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 6,736,645

**CITY OF PORT ANGELES
SCHEDULE 5
SOLID WASTE TRANSFER STATION/LANDFILL FUND #405
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
537.38.10	Salaries & Wages	\$ 171,596
537.38.20	Personnel Benefits	54,643
537.38.30	Supplies	8,382
537.38.40	Other Services & Charges	4,112,309
537.38.50	Intergovernmental	379,246
537.31.50	Depreciation	339,933
537.34.50	Landfill Closure/Post-closure costs	(27,067)
537.85.30	Supplies	577
537.85.40	Other Services & Charges	210,233
592.81.10	Short term interest expense on capital lease	501,224
594.37.40	Other Services & Charges	27,219
594.37.60	Capital Outlay	243,992
596.85.40	Interdepartmental Equipment Expense	278
291.81	RESERVED ENDING FUND BALANCE	\$ 6,919,489
291.84	UNRESERVED ENDING FUND BALANCE	\$ (1,361,915)
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 11,580,139
582.37.70	Redemption of Long-Term Debt	252,120
537.98.90	Reclassification of capital to Statement of Net Assets	2,619

CITY OF PORT ANGELES
SCHEDULE 5
STORMWATER FUND #406
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
538.12.10	Salaries & Wages	\$ 66,158
538.12.20	Personnel Benefits	21,868
538.12.30	Supplies	833
538.12.40	Other Services & Charges	220,834
538.15.50	Intergovernmental	56,715
538.00.50	Depreciation	22,465
594.38.40	Other Services & Charges	844
594.38.60	Capital Outlay	10,931
597.95.50	Transfers Out	55,000
291.81	RESERVED ENDING FUND BALANCE	\$ 1,188,347
291.84	UNRESERVED ENDING FUND BALANCE	\$ 495,646
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 2,139,641
538.98.90	Reclassification of capital to Statement of Net Assets	\$ (16,330)

**CITY OF PORT ANGELES
SCHEDULE 5
MEDIC I #409
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008**

<u>Account #</u>	<u>Description</u>		<u>Amount</u>
526.25.10	Salaries & Wages	\$	793,728
526.25.20	Personnel Benefits		208,996
526.25.30	Supplies		31,670
526.25.40	Other Services & Charges		286,949
526.25.50	Intergovernmental		20,313
526.30.50	Depreciation		1,353
291.81	RESERVED ENDING FUND BALANCE	\$	5,142
291.84	UNRESERVED ENDING FUND BALANCE	\$	209,861
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$	1,558,012

CITY OF PORT ANGELES
SCHEDULE 5
ELECTRIC CONSERVATION #421
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
533.21.40	Other Services & Charges	\$ 329,063
291.84	UNRESERVED ENDING FUND BALANCE	\$ 1,241,555
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 1,570,618

CITY OF PORT ANGELES
SCHEDULE 5
EQUIPMENT SERVICES FUND #501
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
548.30.10	Salaries & Wages	\$ 284,041
548.30.20	Personnel Benefits	108,303
548.30.30	Supplies	609,250
548.30.40	Other Services & Charges	229,608
548.30.50	Intergovernmental	14,369
548.33.50	Depreciation	532,157
592.48.80	Debt Service - Interest	915
594.48.60	Capital Outlay	213,144
596.48.40	Other Services & Charges	3,996
291.81	RESERVED ENDING FUND BALANCE	\$ 3,608,154
291.84	UNRESERVED ENDING FUND BALANCE	\$ 5,933,996
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 11,537,933
582.18.70	Redemption of Long-Term Debt	27,662
548.98.90	Reclassification of capital to Statement of Net Assets	(213,144)

CITY OF PORT ANGELES
SCHEDULE 5
INFORMATION TECHNOLOGY FUND #502
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
518.81.10	Salaries & Wages	\$ 248,401
518.81.20	Personnel Benefits	93,978
518.81.30	Supplies	51,225
518.81.40	Other Services & Charges	257,473
518.83.50	Depreciation	131,896
594.18.60	Capital Outlay	400,414
596.18.40	Other Services & Charges	552
291.81	RESERVED ENDING FUND BALANCE	\$ 619,127
291.84	UNRESERVED ENDING FUND BALANCE	\$ 891,708
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 2,694,774
518.98.90	Reclassification of capital to Statement of Net Assets	(408,359)

CITY OF PORT ANGELES
SCHEDULE 5
SELF-INSURANCE FUND #503
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
517.31.40	Other Services & Charges	\$ 3,256,467
517.37.50	Intergovernmental	124
517.61.10	Salaries & Wages	128,181
517.61.40	Other Services & Charges	270,723
517.71.40	Other Services & Charges	443,514
291.81	RESERVED ENDING FUND BALANCE	125,000
291.84	UNRESERVED ENDING FUND BALANCE	\$ 920,577
	TOTAL EXPENSES, TRANSFERS, AND FUND BALANCE	\$ 5,144,586

CITY OF PORT ANGELES
SCHEDULE 5
CEMETERY ENDOWMENT FUND #601
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
291.81	RESERVED ENDING FUND BALANCE	\$ 358,655
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 358,655

CITY OF PORT ANGELES
SCHEDULE 5
ESTHER WEBSTER TRUST FUND #652
DETAIL OF EXPENDITURES & OTHER USES
For the Year Ended December 31, 2008

<u>Account #</u>	<u>Description</u>	<u>Actual Amount</u>
575.30.10	Salaries & Wages	\$ 103,341
575.30.20	Personnel Benefits	32,609
575.30.30	Supplies	3,830
575.30.40	Other Services & Charges	69,361
291.81	RESERVED ENDING FUND BALANCE	\$ 576,742
	TOTAL EXPENDITURES, OTHER FINANCING USES AND ENDING FUND BALANCE	\$ 785,883

CITY OF PORT ANGELES
SCHEDULE OF LONG-TERM DEBT
For the Year Ended December 31, 2008

ICAG NO. 02:

I.D. NO.	DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	AMOUNT ORIGINALLY ISSUED	INTEREST RATE(S)	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED IN CURRENT YEAR	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED IN CURRENT YEAR	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING DEBT
GENERAL OBLIGATION DEBT													
251.15	2001 UTGO Refunding Bonds (Sr. Ctr./Fire Ha)	11/01	11/12	2,995,000	2.80-4.125%	1,550,000	-	-	-	330,000	591-7110	211	1,220,000
251.15	2005 UTGO Refunding (Library)	02/05	11/15	2,345,000	3.00-4.00%	1,910,000	-	-	-	205,000	591-7110	212	1,705,000
251.11	2005 LTGO (WUGA)	08/05	08/25	3,230,000	3.00-4.50%	3,115,000	-	-	-	120,000	591-7110	214	2,995,000
251.11	2006 LTGO (Multi-Modal Property)	07/06	09/21	1,200,000	6.50%	1,190,149	-	-	-	9,685	591-7110	215	1,180,464
SUB-TOTAL				9,770,000		7,765,149				664,685			7,100,464
263.91	PWTF - Marine Dr. Reconstruction	07/92	07/12	702,000	2.0%	184,738	-	-	-	36,948	591-7110	105	147,790
263.91	PWTF - 8th & Peabody Creek Culvert Recon	07/92	07/12	86,400	1.0%	22,738	-	-	-	4,548	591-7110	105	18,190
263.91	PWTF - 8th Street Reconstruction	07/00	07/20	1,539,200	1.0%	1,045,550	-	-	-	80,427	591-7110	160	965,123
SUB-TOTAL				2,327,600		1,253,026				121,923			1,131,103
263.55	State of Washington CALP (Fire Pumper)	12/88	12/08	230,000	4.394%	27,662	-	-	-	27,662	591-7110	501	-
263.55	IBM Corporation (Supplement #D0023835)	12/05	12/08	89,685	4.50-6.90%	29,895	-	-	-	29,895	5184-6300	502	-
263.55	IBM Corporation (Supplement #D0023834)	12/05	12/10	147,205	4.00-6.75%	86,323	-	-	-	29,441	5184-6300	502	58,882
SUB-TOTAL				466,890		145,880				86,998			58,882
TOTAL	GENERAL OBLIGATION DEBT			\$ 12,564,490		\$ 9,164,055				\$ 873,606			\$ 8,290,449
REVENUE DEBT													
252.15	1998 Water & Wastewater Refunding Bonds	11/98	11/24	9,455,000	4.00-4.90%	8,145,000	-	-	-	320,000	591-7110	402 & 403	7,825,000
252.15	2001 Electric Revenue Refunding Bonds	11/01	9/22	2,560,000	2.40-4.90%	2,065,000	-	-	-	100,000	591-7110	401	1,965,000
252.11	2003 Water & Wastewater Revenue Bonds	11/03	11/28	4,220,000	2.00-5.00%	3,765,000	-	-	-	120,000	591-7110	402 & 403	3,645,000
252.15	2005 Electric Revenue Refunding Bonds	02/05	09/25	3,185,000	3.00-4.30%	2,875,000	-	-	-	115,000	591-7110	401	2,760,000
SUB-TOTAL				19,420,000		16,850,000				655,000			16,195,000
263.50	Contract Payable-Transfer Station Facility	10/06	10/26	8,398,678	6.0%	8,116,265	-	-	-	241,647	591-7110	405	7,874,618
263.50	Contract Payable-Moderate Risk Waste Facil	10/06	10/26	364,025	6.0%	351,784	-	-	-	10,473	591-7110	405	341,311
SUB-TOTAL				8,762,703		8,468,049				252,120			8,215,929
263.92	PWTF - Sewer Treatment Plant Improvements	07/91	07/11	2,500,000	1.00%	532,507	-	-	-	133,127	591-7110	403	399,380
263.92	PWTF - Francis Street Storm Sewer Reconst	07/93	07/13	760,000	2.00%	251,333	-	-	-	41,889	591-7110	403	209,444
263.92	PWTF - Sidewalk Watermain Reconstruction	07/94	07/14	750,000	1.00%	374,989	-	-	-	53,572	591-7110	402	321,427
263.92	DOE - State Revolving Fund Loan	06/95	06/08	2,741,681	4.00%	127,263	-	-	-	127,263	591-7110	403	0
263.92	PWTF - Downtown Sidewalk & Watermain Rec	07/95	07/15	2,400,000	1.00%	106,453	-	-	-	13,307	591-7110	402	83,146
263.92	PWTF - Drinking Water Reservoir Covers	10/97	10/18	463,500	5.00%	288,925	-	-	-	26,266	591-7110	402	262,659
263.92	PWTF - Downtown Watermain/Sidewalk Recon	10/98	10/19	1,030,000	3.35%	650,524	-	-	-	54,211	591-7110	402	596,313
263.92	PWTF - Drink Water Reservoir Covers/Disinf	07/00	07/20	1,168,300	1.00%	814,352	-	-	-	62,642	591-7110	402	751,710
263.92	PWTF - Downtown Watermain Rep/Phase III	10/04	07/24	2,200,000	0.50%	1,493,684	660,000	382-7000	462	126,667	591-7110	402	2,026,997
263.92	PWTF - Francis Street Sewer Main Pre-constn	07/06	07/11	442,500	0.50%	442,500	147,500	382-7000	453	31,053	591-7110	403	558,947
263.92	PWTF - Francis Street Sewer Main Construct	07/07	07/27	375,000	0.50%	375,000	-	-	-	-	591-7110	403	375,000
263.92	PWTF - CSO Project Phase I Pre-construction	07/07	07/12	663,750	0.50%	663,750	-	-	-	-	591-7110	403	663,750
263.92	PWTF - CSO Project Phase I Construction	03/08	05/12	2,000,000	0.50%	-	2,000,000	382-7000	463	-	591-7110	403	2,000,000
SUB-TOTAL				15,334,731		6,121,290	2,807,500			670,017			8,258,773
TOTAL	REVENUE DEBT			43,517,434		31,439,339	2,807,500			1,577,137			32,669,702
TOTAL	GRAND TOTAL ALL DEBT			\$56,081,924		\$40,603,394	\$ 2,807,500			\$ 2,450,743			\$ 40,960,151

City of Port Angeles

MCAG # 0230

CITY OF PORT ANGELES, WASHINGTON
SCHEDULE 10 LIMITATION OF INDEBTEDNESS
AS OF DECEMBER 31, 2008

Total Taxable Property Value :
\$1,994,259,574

		Remaining Debt Capacity
2.5% or \$49,856,489 For general purposes is allocated between:		
Up to 1.5% debt without a vote (councilmanic):	29,913,894	
Less: outstanding debt:		
General Obligation Bonds	4,175,464	
Capital Leases	58,882	
Public Works Trust Fund Loans	1,131,103	
Accounts Payable (General and other tax supported funds)	2,233,678	
Compensated absences	1,387,283	
Excess of debt without a vote	<u>0</u>	
Sub-total outstanding debt		(8,986,410)
Add: available assets		8,987,568
Remaining debt capacity without a vote		<u>29,915,052</u>
1% general purposes debt with a vote :	19,942,596	
Less: outstanding debt:		
General Obligation Bonds	2,925,000	
Accounts Payable (Voted debt service funds only)	<u>20,399</u>	
Sub-total outstanding debt		(2,945,399)
Add: available assets (Voted debt service funds only)		153,608
Remaining debt capacity with a vote		<u>17,150,805</u>
Remaining debt capacity for general purposes		<u>47,065,857</u>
2.5% utility purposes limit, voted:	49,856,489	
Sub-total outstanding debt		0
Remaining debt capacity utility purposes , voted		<u>49,856,489</u>
2.5% open space, park and capital facilities , voted:	49,856,489	
Sub-total outstanding debt		0
Remaining debt capacity open space, park and capital facilities , voted		<u>49,856,489</u>
Total Remaining Debt Capacity		<u>\$146,778,837</u>

City of Port Angeles

**CITY OF PORT ANGELES, WASHINGTON
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008**

Grantor/Pass Through Name	Federal Program Name	CFDA Number	Other Identification Number	Expenditures			Foot-note Ref.
				From Pass-Through Awards	From Direct Awards	Total	
U.S. Housing and Urban Development State of WA DCTED	Community Development Block Grant State's Program	14.228	06-64006-025	741,564			4
	Revolving Loan Funds	14.220	1-92-741-017	44,990			3
	Subtotal			786,554		786,554	
U.S. Department of Interior National Park Service	National Natural Landmarks Program	15.910	H9500050094		424,506	424,506	
US Department of Justice Bureau of Justice Assistance	Bullet Proof Vests	16.607	N/A		3,133	3,133	
U.S. Department of Justice/pass-through from WA State DCTED/Clallam County	Office of Violence Against Women	16.588	F07-31103-041 F08-31103-053 N/A	12,636			
				2,071 368			
Subtotal				15,075		15,075	
US Department of Justice Bureau of Justice Assistance	Edward Byrne Memorial Justice Assistance	16.738	S07-66201130	9,340		9,340	
Federal Highway Administration/Pass through from State of WA Department of Transportation	Highway Planning & Construction	20.205	BRM-7544(006) 8th & Valley Bridge BRM-7544(007) 8th & Tumwater Bridge STPE-0101(302) Eastern Corridor Phase II	6,286,428			
				6,286,429			
				20,349			
				Subtotal	12,593,206		12,593,206
National Highway Traffic Safety Commission Washington Traffic Safety Commission	State & Community Highway Safety	20.600	N/A	1,362		1,362	
US Department of Homeland Security Federal Emergency Management Agency	Assistance to Firefighters Grant	97.044	EMW-2007-FO-10335		201,564	201,564	
Department of Homeland Security/FEMA/Pass through from State of WA Department of Military	Disaster Grants- (Presidentially Declared Disasters)	97.036	1682-DR-WA 1641-DRWA	14,062			
				10,682			
				Subtotal	24,744		24,744
Total Federal Awards Expended				\$ 13,430,281	\$ 629,203	\$ 14,059,484	

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

**CITY OF PORT ANGELES
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
For the Year Ended December 31, 2008**

Grantor Pass-Through Grantor Program Title	Identification Number	Current Year Expenditures
Department of Ecology		
Coordinated Prevention , Regular Cycle Agreement	G0800293	78,088
Phase II Municipal Stormwater	G0600369	26,218
Rayonier Site Development	C0700284	20,000
Coordinated Prevention Grant/Food Waste Composting/Reuse & Recycle	G0700148	9,956
<u>Total Department of Ecology</u>		<u>134,262</u>
Department of Military		
Enhanced 911 Program	E08-026	1,682
Enhanced 911 Program	E09-141	3,703
Disaster Relief/Light Distribution	E07-1007	1,420
Disaster Relief/Debris Removal	E06-737	287
Disaster Relief/Light Distribution	E06-737	1,425
<u>Total Department of Military</u>		<u>8,517</u>
Traffic Safety Commission		
Crossing Flags	N/A	497
MPH Speedlaser Handheld Laser	N/A	2,166
<u>Total Traffic Safety Commission</u>		<u>2,663</u>
Department of Community Trade and Economic Development		
GMA Competitive Grant	C08-63200-436	47,439
<u>Total Department of Community Trade & Economic Development</u>		<u>47,439</u>
Transportation Improvement Board		
Olympic Peninsula Gateway/Construction	9-W150(004)-1	525,971
16th & E Sidewalks	P-W-150(P02)-1	1,515
<u>Total Transportation Improvement Board</u>		<u>527,486</u>
Arts Commission		
Organization Support Program	2009161	3,375
<u>Total Arts Commission</u>		<u>3,375</u>
Recreation and Conservation Office		
Dry Creek Bridge & Trail Planning	05-1155 N	5,673
Ediz Hook Boat Launch	07-1376D	97,890
<u>Total Recreation and Conservation Office</u>		<u>103,563</u>
Department of Social & Health Services		
EMS Prehospital Participation Grant	70.168	1,644
<u>Total Department of Social & Health Services</u>		<u>1,644</u>
 <u>TOTAL STATE AND LOCAL ASSISTANCE</u>		 <u>828,949</u>

Footnote: In 2008, the City refunded \$28,000 to the Department of Military for an overpayment they made to us in 2007. The City showed this amount as an expenditure in 2007 for the Enhanced 911 Program.

**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 modified accrual basis in conformity with GAAP for governmental funds (General, Special Revenue, Debt Service, and Capital Projects). The City's proprietary funds (Enterprise and Internal Services) are accounted for on the accrual basis.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal and state grant portion of the program costs. Entire program costs, including the city portion, may be more than shown.

NOTE 3 – REVOLVING LOAN – PROGRAM INCOME

The city has a revolving loan program for low-income housing renovation. Under this federal program, 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 in 2008 was \$44,990. The amount of principal and interest received in loan repayments for the year was \$63,294.

NOTE 4 – AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$741,564 that was passed through to a sub-recipient that administered its own project.

NOTE 5 – INDIRECT COST RATE

The amount expended includes \$5,947.86 claimed as an indirect cost recovery using an approved indirect cost rate of 3%.

**CITY OF PORT ANGELES
SCHEDULE OF LABOR RELATIONS CONSULTANT
For the Year Ended December 31, 2008**

Has your government engaged labor relations consultants? Yes No

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

Name of Firm:

Summit Law Group

Name of Consultant:

Bruce Schroeder, Attorney

Business Address:

315 Fifth Avenue South, Suite 1000 - Seattle, WA 98104

Amount Paid to Consultant During Fiscal Year 2008:

\$1,017.50

Terms and conditions, as application, including:

Rates: \$225/hour

Maximum Compensation Allowed: N/A

Duration of Services: N/A

Services Provided: Labor relation services

Certified Correct this 19th day of February, 2009
to the best of my knowledge and belief:

Signature: 

Name: Robert Coons

Title: Human Resources Manager

STATISTICAL SECTION

This part of the City of Port Angeles' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the MD&A, Financial Section, and required supplementary information say about the City's overall financial health.

Table of Contents

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

Revenue Capacity
These schedules contain information to help users assess the City's most significant local revenue source, property tax.

Debt Capacity
These schedules contain information to help users assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

Operating Information
These schedules contain service and infrastructure data to help users understand how the information in the City's financial report relate to the services the City provides and the activities it performs.

City of Port Angeles

**CITY OF PORT ANGELES
Net Assets by Component**

Last Seven Fiscal Periods
(accrual basis of accounting)
(in thousands)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 24,170	\$ 25,519	\$ 34,958	\$ 37,503	\$ 43,268	\$ 58,268	\$ 70,559
Restricted	898	4,398	4,580	5,883	6,535	7,467	2,342
Unrestricted	13,699	11,457	12,451	10,655	24,060	27,322	30,872
Total governmental activities net assets	<u>\$ 38,768</u>	<u>\$ 41,374</u>	<u>\$ 51,989</u>	<u>\$ 54,041</u>	<u>\$ 73,863</u>	<u>\$ 93,058</u>	<u>\$ 103,774</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 42,021	\$ 40,110	\$ 45,939	\$ 52,136	\$ 56,968	\$ 56,982	\$ 58,095
Restricted	506	5,171	3,867	2,593	674	667	5,344
Unrestricted	20,890	18,051	14,712	14,632	15,510	24,281	25,801
Total business-type activities net assets	<u>\$ 63,417</u>	<u>\$ 63,331</u>	<u>\$ 64,518</u>	<u>\$ 69,361</u>	<u>\$ 73,152</u>	<u>\$ 81,929</u>	<u>\$ 89,240</u>
Primary government							
Invested in capital assets, net of related debt	\$ 66,192	\$ 65,629	\$ 80,898	\$ 89,638	\$ 100,236	\$ 115,250	\$ 128,654
Restricted	1,404	9,568	7,591	8,477	7,209	8,134	7,686
Unrestricted	34,589	29,508	28,020	25,287	39,570	51,603	56,674
Total primary government net assets	<u>\$ 102,184</u>	<u>\$ 104,705</u>	<u>\$ 116,508</u>	<u>\$ 123,402</u>	<u>\$ 147,015</u>	<u>\$ 174,987</u>	<u>\$ 193,014</u>

Statistical information is provided beginning in 2002 when the City of Port Angeles converted to GASB 34 reporting.

City of Port Angeles

CITY OF PORT ANGELES
Changes in Net Assets
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General Government	\$ 5,870,288	\$ 6,539,683	\$ 3,550,052	\$ 4,671,445	\$ 4,235,399	\$ 4,615,580	\$ 4,718,769
Public Safety	6,813,012	6,811,197	7,809,442	8,046,203	7,860,539	8,333,369	8,968,201
Utilities and Environment	1,494,761	1,124,560	1,203,270	1,085,087	1,239,497	1,763,795	1,758,328
Transportation	2,678,081	2,674,371	2,446,529	1,239,766	2,127,510	2,612,827	8,558,453
Economic Environment	572,836	502,913	684,237	1,158,218	1,144,466	1,047,932	2,067,867
Culture and Recreation	2,699,674	2,692,869	2,279,506	2,298,478	2,619,210	2,833,523	2,856,063
Interest on long-term debt	399,628	333,459	280,331	3,558,049	333,066	377,916	354,075
Sub-total governmental activities expenses	<u>20,528,280</u>	<u>20,679,052</u>	<u>18,253,367</u>	<u>22,057,246</u>	<u>19,559,687</u>	<u>21,584,942</u>	<u>29,281,755</u>
Business-type activities:							
Electric Utility	22,408,689	27,311,152	27,547,468	27,924,828	29,235,977	29,029,434	29,267,307
Water Utility	6,375,467	3,058,885	3,216,550	3,591,789	2,908,574	3,686,419	4,142,851
Wastewater Utility	-	3,342,428	3,454,396	4,065,384	3,616,480	4,203,018	4,534,496
Solid Waste Collection Utility	5,243,132	5,309,835	2,094,625	2,225,687	2,137,039	2,950,046	2,996,125
Solid Waste Transfer Station/Landfill Utility	-	-	3,139,050	3,199,151	5,946,880	5,259,434	6,058,787
Stormwater Utility	-	-	25,660	32,507	43,898	117,837	385,161
Conservation Utility ¹	-	-	-	-	-	-	329,740
Medic One Utility	-	-	-	386,466	1,159,734	1,282,560	1,347,240
Sub-total business-type activities expenses	<u>34,027,288</u>	<u>39,022,300</u>	<u>39,477,749</u>	<u>41,425,812</u>	<u>45,048,582</u>	<u>46,528,748</u>	<u>49,061,706</u>
Total primary government expenses	<u>\$ 54,555,568</u>	<u>\$ 59,701,352</u>	<u>\$ 57,731,116</u>	<u>\$ 63,483,058</u>	<u>\$ 64,608,269</u>	<u>\$ 68,113,690</u>	<u>\$ 78,343,461</u>
Program Revenues							
Governmental activities:							
General Government	\$ 5,523,440	\$ 5,555,708	\$ 2,582,065	\$ 2,403,894	\$ 2,197,465	\$ 3,118,301	\$ 3,324,621
Public Safety	1,412,863	2,166,732	2,012,846	2,367,371	1,305,138	2,021,129	1,776,020
Utilities and Environment	1,155,861	1,059,279	1,058,146	803,706	1,325,955	1,822,836	1,423,400
Transportation	1,233,924	1,352,118	938,283	3,880	139,213	777,248	515,579
Economic Environment	61,356	85,883	194,849	64,115	30,430	512,390	234,053
Culture and Recreation	513,359	722,795	458,726	535,745	797,517	1,109,902	419,064
Operating grants and contributions	792,339	715,549	311,498	537,988	6,823,455	202,634	3,163,516
Capital grants and contributions	726,997	1,440,096	1,924,129	675,098	23,696	7,876,248	13,479,510
Sub-total governmental activities program revenues	<u>11,420,139</u>	<u>13,098,160</u>	<u>9,480,542</u>	<u>7,391,797</u>	<u>12,642,869</u>	<u>17,440,688</u>	<u>24,335,764</u>
Business-type activities:							
Electric Utility	22,379,087	25,999,962	27,964,826	27,638,189	29,863,127	29,983,789	30,442,523
Water Utility	6,578,436	2,898,531	3,114,305	3,314,101	3,976,498	4,515,787	4,619,565
Wastewater Utility	-	3,766,600	3,623,994	4,070,434	4,627,738	5,199,994	5,982,468
Solid Waste Collection Utility	4,946,360	5,168,793	2,516,604	2,641,895	3,057,158	3,329,703	3,150,667
Solid Waste Landfill Utility	-	-	2,988,910	3,072,472	3,471,202	4,823,467	4,799,541
Stormwater Utility	-	-	333,355	343,667	438,481	356,411	710,075
Conservation Utility ¹	-	-	-	-	-	-	347,652
Medic One Utility	-	-	-	308,611	929,361	1,057,638	1,068,303
Operating grants and contributions	294,038	397,336	96,556	151,406	83,368	304,414	104,600
Capital grants and contributions	175,323	251,918	74,845	170,577	2,045,826	4,600,260	2,072,892
Sub-total business-type activities program revenues	<u>34,373,244</u>	<u>38,483,140</u>	<u>40,713,395</u>	<u>41,711,352</u>	<u>48,492,759</u>	<u>54,171,463</u>	<u>53,298,285</u>
Total primary government program revenues	<u>\$ 45,793,383</u>	<u>\$ 51,581,300</u>	<u>\$ 50,193,937</u>	<u>\$ 49,103,149</u>	<u>\$ 61,135,628</u>	<u>\$ 71,612,151</u>	<u>\$ 77,634,049</u>
Net (expense)/revenue							
Governmental activities	\$ (9,108,141)	\$ (7,580,892)	\$ (8,772,825)	\$ (14,665,449)	\$ (6,916,818)	\$ (4,144,254)	\$ (4,945,991)
Business-type activities	345,956	(539,160)	1,235,646	285,540	3,444,177	7,642,715	4,236,579
Total primary government net expense	<u>\$ (8,762,185)</u>	<u>\$ (8,120,052)</u>	<u>\$ (7,537,179)</u>	<u>\$ (14,379,909)</u>	<u>\$ (3,472,641)</u>	<u>\$ 3,498,461</u>	<u>\$ (709,412)</u>

City of Port Angeles

CITY OF PORT ANGELES
Changes in Net Assets
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property Taxes	\$ 3,873,355	\$ 3,733,386	\$ 3,963,237	\$ 4,097,886	\$ 4,074,289	\$ 4,451,304	\$ 4,538,269
Sales and Use Taxes	3,082,163	2,713,577	3,929,059	4,444,444	5,130,458	4,758,511	5,028,562
Utility Taxes	2,171,986	2,420,388	2,684,405	2,655,291	3,077,880	3,676,442	2,742,625
Telephone Taxes	5,126,864	536,565	536,516	558,394	544,253	447,728	670,135
Real Estate Excise Taxes	527,166	581,738	796,025	877,746	677,483	590,821	216,293
Other Taxes	388,601	401,736	72,520	627,881	280,245	293,311	345,512
Penalties and Interest	39,465	30,810	39,589	-	-	-	-
Investment and Interest Earnings	414,853	453,683	285,406	541,326	1,039,932	792,227	1,708,058
Adjustment for Capital Held For Resale	-	(544,992)	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	62,975	360,014	2,369,745	132,202	63,776
Contributions/Donations (not restricted by function)	-	-	74,052	-	-	-	-
Bond Activities	-	-	-	2,860,736	-	-	-
Extraordinary items	-	-	-	-	-	7,980,000	-
Miscellaneous	180,273	435,340	33,068	5,119	287,110	-	-
Transfers	936,559	424,826	645,978	(311,219)	(470,295)	128,087	348,641
Sub-total governmental activities	<u>16,741,285</u>	<u>11,187,057</u>	<u>13,122,830</u>	<u>16,717,618</u>	<u>17,011,100</u>	<u>23,250,633</u>	<u>15,661,871</u>
Business-type activities							
Investment and Interest Earnings	904,159	739,449	526,543	620,737	1,103,101	1,350,399	1,594,626
Contributions/Donations	-	-	-	400,000	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	(7,783)	-	-	-	776,745
Bond Activities	-	-	-	3,225,372	-	-	-
Extraordinary Items	-	-	-	-	-	-	1,051,596
Miscellaneous	86,665	(23,899)	104,955	-	-	-	-
Transfers	(936,559)	(424,826)	(645,978)	311,219	470,295	(128,087)	(348,641)
Sub-total business-type activities	<u>54,265</u>	<u>290,724</u>	<u>(22,263)</u>	<u>4,557,328</u>	<u>1,573,396</u>	<u>1,222,312</u>	<u>3,074,326</u>
Change in Net Assets							
Governmental activities	7,633,144	3,606,165	4,350,005	2,052,169	10,094,282	19,106,379	10,715,880
Business-type activities	400,221	(248,436)	1,213,383	4,842,868	5,017,573	8,865,027	7,310,905
Total Primary Government	<u>8,033,365</u>	<u>3,357,729</u>	<u>5,563,388</u>	<u>6,895,037</u>	<u>15,111,855</u>	<u>27,971,406</u>	<u>18,026,785</u>
Prior Period Adjustment							
Governmental activities	(199,600)	-	-	-	-	88,385	-
Business-type activities	-	-	-	-	(1,226,099)	(88,385)	-
Infrastructure/Land Addition	-	-	5,239,001	-	9,727,416	-	-
Change in Net Assets with prior period adjustment	<u>\$ 7,833,765</u>	<u>\$ 3,357,729</u>	<u>\$ 10,802,389</u>	<u>\$ 6,895,037</u>	<u>\$ 23,613,172</u>	<u>\$ 27,971,406</u>	<u>\$ 18,026,785</u>

City of Port Angeles

CITY OF PORT ANGELES
Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal year						
	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,391,744	3,313,560	3,917,938	3,906,502	3,641,825	4,949,244	4,398,023
Total general fund	<u>2,391,744</u>	<u>3,313,560</u>	<u>3,917,938</u>	<u>3,906,502</u>	<u>3,641,825</u>	<u>4,949,244</u>	<u>4,398,023</u>
All other governmental Funds							
Reserved	2,105,788	1,379,264	1,387,637	1,019,606	1,712,567	1,976,345	2,217,017
Unreserved, reported in:							
Special revenue funds	3,063,623	3,262,646	3,857,529	3,896,126	9,183,033	17,767,476	18,952,013
Capital projects funds	3,355,029	3,164,156	2,127,580	3,180,723	4,227,624	3,744,335	2,468,270
Permanent funds	231,613	307,235	324,557	360,807	421,324	436,529	-
Total all other governmental funds	<u>8,756,053</u>	<u>8,113,301</u>	<u>7,697,303</u>	<u>8,457,262</u>	<u>15,544,548</u>	<u>23,924,685</u>	<u>23,637,300</u>
Grand total all governmental funds	<u>\$ 11,147,797</u>	<u>\$ 11,426,861</u>	<u>\$ 11,615,241</u>	<u>\$ 12,363,764</u>	<u>\$ 19,186,373</u>	<u>\$ 28,873,929</u>	<u>\$ 28,035,323</u>

Statistical information is provided beginning in 2002 when the City of Port Angeles converted to GASB 34 reporting.

CITY OF PORT ANGELES
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Year	Property Tax	Sales Tax	Utility Tax	Business & Occupation Tax	Excise Tax	Other Tax	Total
1999	3,640,119	2,454,361	1,750,926	572,365	296,550	362,388	9,076,709
2000	3,807,974	2,488,580	2,000,653	458,908	446,241	370,526	9,572,882
2001	3,866,724	2,463,632	2,126,002	483,963	461,539	379,939	9,781,799
2002	3,830,571	2,505,838	2,171,986	512,864	527,166	388,327	9,936,752
2003	3,837,380	2,713,577	2,420,388	536,565	581,739	381,292	10,470,941
2004	3,963,237	3,929,059	2,684,405	536,516	796,025	72,520	11,981,762
2005	4,097,886	4,444,444	2,655,291	558,394	877,746	627,881	13,261,642
2006	4,074,289	5,130,458	3,077,880	544,253	677,483	280,245	13,784,608
2007	4,451,304	4,758,511	3,676,442	447,728	590,821	293,311	14,218,117
2008	4,538,269	5,028,562	2,742,625	670,135	216,293	345,512	13,541,396

Source: City of Port Angeles Finance Department

This schedule contains data from the following funds: General Fund, Lodging Excise Tax, Street, Real Estate Excise #1, Real Estate Excise #2, Pencom, Criminal Justice, 2001 GO Refunding Bonds and 2005 GO Refunding Bonds.

City of Port Angeles

CITY OF PORT ANGELES
Changes in Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes	\$ 9,950,009	\$ 10,472,346	\$ 11,837,432	\$ 12,633,760	\$ 13,610,834	\$ 13,933,500	\$ 14,153,035
Licenses and permits	296,890	382,342	393,549	578,563	531,233	543,229	405,191
Intergovernmental	2,234,771	3,529,257	3,132,939	2,580,301	6,731,406	9,745,631	18,127,850
Charges for services	3,854,096	4,084,781	4,648,530	4,617,528	4,367,212	4,658,179	4,915,048
Fines and forfeitures	281,580	283,035	273,492	243,013	296,891	301,502	295,202
Investment income/(loss)	66,612	322,472	222,525	359,794	780,899	1,307,728	1,283,448
Contributions	-	-	-	-	-	-	206,255
Miscellaneous	689,124	601,956	286,866	358,887	402,855	680,211	223,591
Total Revenues	17,373,082	19,676,189	20,795,333	21,371,846	26,721,330	31,169,980	39,609,620
Expenditures							
General government	2,625,994	3,332,515	3,332,735	3,461,954	4,033,599	4,272,651	4,560,583
Public Safety	6,567,194	6,681,649	7,492,413	8,046,203	7,603,663	8,124,944	8,161,433
Utilities and Environment	1,445,932	1,094,740	1,154,288	1,085,086	1,146,205	1,686,229	1,679,852
Transportation	946,848	974,540	1,747,082	1,239,766	1,425,750	1,456,867	7,945,705
Economic Environment	571,941	503,938	679,174	1,158,217	1,138,270	1,047,932	2,043,271
Culture and Recreation	2,433,111	2,467,813	1,935,980	2,298,478	2,359,226	2,606,697	2,614,789
Debt Service:							
Principal	650,314	940,362	611,922	3,355,879	618,688	761,007	786,606
Interest	392,363	327,141	280,331	201,418	317,170	375,825	353,160
Other Costs	2,826	665	851	752	17,874	912	911
Capital outlay	2,206,096	2,913,314	3,658,977	1,905,615	3,456,312	9,411,525	12,710,545
Total Expenditures	17,842,619	19,236,677	20,893,753	22,753,368	22,116,757	29,744,589	40,856,855
Excess of revenues over (under) expenditures	(469,537)	439,512	(98,420)	(1,381,522)	4,604,573	1,425,391	(1,247,235)
Other Financing Sources							
Transfers in	4,501,355	2,203,631	2,956,077	3,775,678	5,103,453	2,623,090	6,037,450
Transfers (out)	(3,602,311)	(1,839,311)	(2,641,954)	(4,503,369)	(5,185,308)	(2,429,312)	(5,688,809)
Bond activities	-	-	-	2,407,201	-	-	-
Extraordinary items-settlement	-	-	-	-	-	7,980,000	-
Sale of capital assets	64,988	(524,769)	14,753	453,536	2,296,890	-	59,992
Total other financing sources (uses)	964,032	(160,449)	328,876	2,133,046	2,215,035	8,173,778	408,633
Change in fund balances	494,495	279,063	230,456	751,525	6,819,608	9,599,169	(838,602)
Prior period adjustment	(199,600)	-	(42,075)	-	-	88,385	-
Net change in fund balances	\$ 294,895	\$ 279,063	\$ 188,381	\$ 751,525	\$ 6,819,608	\$ 9,687,554	\$ (838,602)
Debt service as a percentage of noncapital expenditures	6.69%	7.77%	5.18%	17.07%	5.11%	5.60%	4.05%

GASB 44 requires that interest and principal components of debt service expenditures be shown separately and that total debt service be shown as a percentage of total noncapital expenditures. Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories.

Statistical information is provided beginning in 2002 when the City of Port Angeles converted to GASB 34 reporting.

CITY OF PORT ANGELES
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

For Taxes Payable In Year	Real Property Assessed Value	Personal Property Assessed Value	Less: Real Property Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate
1998	\$ 889,861,718	\$ 119,260,564	\$ 17,151,840	\$ 991,970,442	\$ 3.65072
1999	896,143,539	156,708,724	30,684,535	1,022,167,728	3.55193
2000	894,002,353	155,763,001	31,456,805	1,018,308,547	3.77443
2001	905,176,003	156,258,073	30,958,740	1,030,475,336	3.78427
2002	974,356,508	147,340,812	29,653,663	1,092,043,657	3.53162
2003	971,177,585	105,740,345	26,889,840	1,050,028,090	3.67181
2004	986,117,375	104,277,075	25,903,948	1,064,490,502	3.80523
2005	1,090,293,748	97,068,833	38,922,059	1,148,440,522	3.66171
2006	1,225,182,582	97,640,692	41,119,756	1,281,703,518	3.34019
2007	1,540,048,494	98,872,820	43,427,886	1,595,493,428	2.81324
2008	1,883,832,326	110,881,700	42,537,526	1,952,176,500	2.46233

Source: Clallam County Assessor

Note: Property in the city is reassessed each year. Property is assessed at actual value; therefore the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

CITY OF PORT ANGELES
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates								Total Direct and Overlapping Rate
	Regular Levy	General Obligation Debt Service		Total Direct Rate	State	Clallam County	Port Angeles			Port Angeles Library	Hospital	Total Overlapping Rate	
		Levy	Debt				Service	School District	Port Angeles				
1999	3.01298	0.53895	0.53895	3.55193	3.32953	1.65329	3.48608	0.21371	0.50000	0.17355	9.35616	12.90809	
2000	3.08758	0.68685	0.68685	3.77443	3.12570	1.65772	3.32423	0.21209	0.50000	0.17384	8.99358	12.76801	
2001	3.10000	0.68427	0.68427	3.78427	3.13054	1.66719	3.22527	0.21454	0.50000	0.17123	8.90877	12.69304	
2002	2.99790	0.53372	0.53372	3.53162	2.99727	1.69856	3.60754	0.21941	0.48353	0.16923	9.17554	12.70716	
2003	3.10955	0.56226	0.56226	3.67181	2.94112	1.77851	3.65677	0.24438	0.49045	0.17529	9.28652	12.95833	
2004	3.13647	0.66876	0.66876	3.80523	2.85751	1.59593	3.72461	0.23311	0.46353	0.16179	9.03648	12.84171	
2005	3.05518	0.60653	0.60653	3.66171	2.83135	1.50783	3.54251	0.22024	0.43809	0.15180	8.69182	12.35353	
2006	2.80507	0.53512	0.53512	3.34019	2.65815	1.33929	3.45357	0.19562	0.38912	0.13377	8.16952	11.50971	
2007	2.38746	0.42578	0.42578	2.81324	2.44912	1.15211	2.67953	0.16828	0.33475	0.11476	6.89855	9.71179	
2008	2.12090	0.34143	0.34143	2.46233	2.01290	1.07336	2.62284	0.15204	0.31188	0.44020	6.61322	9.07555	

Source: Clallam County Assessors Office

Note: Initiative 747 which passed in November 2001 limits the annual optional increase in property tax levies to the lesser of one percent or the implicit price deflator.

CITY OF PORT ANGELES
Principal Property Taxpayers
 December 31, 2008

Taxpayer	Type of Business	2007 assessed value payable in 2008 ¹			1997 assessed value payable in 1998 ²		
		Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Nippon Paper Products, Inc.	Pulp and Paper	1	\$ 53,726,761	2.75%	1	\$ 98,232,497	9.90%
PA Hardwood	Wood Mill	2	31,639,689	1.62%			
Westport Shipyard, Inc.	Yacht Manufacturing	3	15,136,254	0.78%			
Red Lion	Hotel	4	11,606,935	0.59%			
Safeway Stores, Inc. #1492	Grocery	5	9,252,150	0.47%	6	7,066,226	0.71%
Albertson's Inc. #404	Grocery	6	7,173,798	0.37%			
Rayonier	Inactive Paper Mill	7	7,041,650	0.36%	2	15,369,057	1.55%
QWEST	Telephone Utility	8	6,542,959	0.34%			
Village Concepts, Inc.	Retail Rental	9	6,429,600	0.33%			
PA Plaza Associates	Retail Rental	10	5,450,220	0.28%			
US West Communications	Telephone Utility				3	9,093,492	0.92%
Double Tree Inn	Hotel				4	8,801,840	0.89%
Norwest Electronic Tax Service	Tax/Accounting Services				5	7,330,915	0.74%
K-Ply	Lumber Mill				7	6,130,000	0.62%
Park View Villas	Retirement Center				8	4,722,353	0.48%
Todd McClaskey Jr.	Best Western Hotel				9	4,189,902	0.42%
Campbell Holdings	Hotel				10	3,684,975	0.37%
Totals			\$ 154,000,016	7.89%		\$ 164,621,257	16.60%

Source: Clallam County Assessor

¹ 2007 assessed valuation of \$1,952,176,500 is for taxes payable in 2008.

² 1997 assessed valuation of \$991,970,442 is for taxes payable in 1998. This is the last year for which this information is available until the 2004 CAFR.

CITY OF PORT ANGELES
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
1999	3,614,495	3,319,914	91.9	153,722	3,473,636	96.1	128,098	3.5
2000	3,821,731	3,578,013	93.6	128,098	3,706,111	97.0	115,620	3.0
2001	3,880,727	3,643,546	93.9	115,620	3,759,166	96.9	121,561	3.1
2002	3,838,695	3,592,964	93.6	121,561	3,714,525	96.8	124,170	3.2
2003	3,837,380	3,585,970	93.4	124,170	3,710,140	96.7	127,240	3.3
2004	4,031,227	3,811,342	94.5	127,240	3,938,582	97.7	92,645	2.3
2005	4,193,142	4,025,421	96.0	92,645	4,118,066	98.2	75,076	1.8
2006	4,265,959	4,109,079	96.3	75,076	4,184,155	98.1	81,804	1.9
2007	4,473,494	4,287,296	95.8	81,804	4,369,100	97.7	104,394	2.3
2008	4,568,766	4,296,003	94.0	104,394	4,400,397	96.3	168,369	3.7

Source: City of Port Angeles Finance Department

CITY OF PORT ANGELES
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Special Assessment Bonds	Public Works Trust Fund	Loans	Capital Leases	Revenue Bonds	Public Works Trust Fund	Loans			
1999	7,005,000	991,000	733,496	210,552	15,545,000	5,003,750	-	-	29,488,798	6.7%	1,564
2000	6,660,000	991,000	2,438,650	191,014	15,210,000	5,100,932	-	-	30,591,596	6.8%	1,663
2001	6,445,000	991,000	2,329,852	170,608	14,995,000	5,623,378	-	-	30,554,838	6.2%	1,659
2002	6,095,000	891,000	1,929,939	149,295	14,655,000	6,030,165	-	-	29,750,399	6.1%	1,614
2003	5,725,000	1,000	1,740,714	127,035	18,405,000	5,444,876	-	-	31,443,625	6.1%	1,702
2004	5,235,000	1,000	1,618,789	103,787	17,855,000	5,454,249	-	-	30,267,825	5.8%	1,633
2005	7,700,000	1,000	1,496,868	316,396	18,100,000	4,840,964	-	-	32,455,228	5.9%	1,741
2006	8,404,234	-	1,374,947	231,701	17,485,000	4,637,799	-	-	32,133,681	5.7%	1,694
2007	7,765,149	-	1,253,026	145,880	16,850,000	6,121,290	8,468,049	8,468,049	40,603,394	7.2%	2,136
2008	7,100,464	-	1,131,103	58,882	16,195,000	8,258,773	8,215,929	8,215,929	40,960,151	7.1%	2,137

Source: City of Port Angeles Finance Department

Note: Details regarding the City's outstanding debt can be found in Note 10 Long Term Debt and Leases. Per capita information can be found in the Demographic and Economic Statistics table in the CAFR.

CITY OF PORT ANGELES
Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	General Obligation Bonded Debt (Net)	Assessed Property Values	Percentage Of Net Debt To Assessed Value	Population	Net Debt Per Capita
1999	7,005,000	1,439,987	5,565,013	1,022,167,728	0.54%	18,860	295
2000	6,660,000	1,440,219	5,219,781	1,018,308,547	0.51%	18,397	284
2001	6,445,000	1,449,163	4,995,837	1,030,475,336	0.48%	18,420	271
2002	6,095,000	1,334,707	4,760,293	1,092,043,657	0.44%	18,430	258
2003	5,725,000	707,283	5,017,717	1,050,028,090	0.48%	18,470	272
2004	5,235,000	715,656	4,519,344	1,064,490,502	0.42%	18,530	244
2005	7,700,000	347,625	7,352,375	1,148,440,522	0.64%	18,640	394
2006	8,404,234	1,040,586	7,363,648	1,281,703,518	0.57%	18,970	388
2007	7,765,149	1,054,363	6,710,786	1,595,493,428	0.42%	19,010	353
2008	7,100,464	1,031,619	6,068,845	1,952,176,500	0.31%	19,170	317

Source: City of Port Angeles Finance Department

CITY OF PORT ANGELES
Legal Debt Margin Information
 Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 76,662,580	\$ 76,373,141	\$ 77,285,650	\$ 81,903,274	\$ 78,752,107	\$ 79,836,788	\$ 86,133,039	\$ 119,662,007	\$ 146,413,238	\$ 149,569,468
Total net debt applicable to limit	7,949,048	9,289,664	8,945,463	8,174,234	7,592,750	5,045,927	7,492,311	7,363,648	9,518,872	8,754,392
Legal debt margin	<u>\$ 68,713,532</u>	<u>\$ 67,083,477</u>	<u>\$ 68,340,187</u>	<u>\$ 73,729,040</u>	<u>\$ 71,159,357</u>	<u>\$ 74,790,861</u>	<u>\$ 78,640,728</u>	<u>\$ 112,298,359</u>	<u>\$ 136,894,366</u>	<u>\$ 140,815,076</u>

Total net debt applicable to the limit 10.37%
 as a percentage of debt limit 12.16%
 11.57%
 9.98%
 9.64%
 6.32%
 8.70%
 6.15%
 6.50%
 5.85%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,994,259,574
Debt limit (7.5%)	149,569,468
Debt applicable to limit:	
General obligation bonds	7,100,464
Capital leases	58,882
Public works trust funds loans	1,131,103
Compensated absences	1,495,562
Less Amounts set aside for repayment of general obligation debt	(1,031,619)
Total net debt applicable to limit	<u>8,754,392</u>
Legal debt margin	<u>\$ 140,815,076</u>

Source: City of Port Angeles Finance Department

City of Port Angeles

**CITY OF PORT ANGELES
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
ELECTRIC							
1999	16,080,765	13,553,796	2,526,969	95,000	324,150	419,150	6.03
2000	21,155,809	17,783,190	3,372,619	100,000	319,048	419,048	8.05
2001	22,286,847	19,859,149	2,427,698	105,000	313,565	418,565	5.80
2002	22,897,756	20,745,374	2,152,382	140,000	247,864	387,864	5.55
2003	26,717,947	25,162,948	1,554,999	135,000	259,478	394,478	3.94
2004	28,174,441	25,437,671	2,736,770	145,000	254,653	399,653	6.85
2005	28,095,916	25,239,541	2,856,375	245,000	176,497	421,497	6.78
2006	30,072,554	26,817,979	3,254,575	205,000	223,363	428,363	7.60
2007	30,200,754	26,849,697	3,351,057	210,000	216,833	426,833	7.85
2008	31,151,627	27,972,920	3,178,707	215,000	209,933	424,933	7.48
WATER & WASTEWATER							
1999	5,802,403	3,645,913	2,156,490	404,991	568,124	973,115	2.22
2000	6,356,123	3,484,644	2,871,479	422,262	549,772	972,034	2.95
2001	6,632,569	3,791,789	2,840,780	439,992	530,257	970,249	2.93
2002	7,202,520	4,058,059	3,144,461	462,699	509,416	972,115	3.23
2003	7,009,756	4,057,822	2,951,934	485,588	487,502	973,090	3.03
2004	6,951,081	4,359,217	2,591,864	624,407	633,301	1,257,708	2.06
2005	8,589,076	5,236,220	3,352,856	618,272	614,819	1,233,091	2.72
2006	9,049,233	5,514,698	3,534,535	647,494	592,195	1,239,689	2.85
2007	10,347,779	5,791,008	4,556,771	672,088	568,500	1,240,588	3.67
2008	11,288,798	5,800,423	5,488,375	567,263	543,530	1,110,793	4.94

Source: City of Port Angeles Finance Department

Note: Details regarding the City's outstanding debt can be found in Note 10 Long Term Debt and Leases. Includes principal and interest on all revenue bonds and the State Revolving Fund loan in Wastewater which is on par with the Water & Wastewater Revenue bonds.

**CITY OF PORT ANGELES
Direct and Overlapping Debt
For the Current Year**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Port Angeles</u>	<u>Amount Applicable to City of Port Angeles</u>
Direct:			
City of Port Angeles	\$ 7,765,149	100%	\$ 7,765,149
Overlapping:			
Port Angeles School District	<u>8,710,000</u>	<u>55%</u>	<u>4,755,053</u>
Total	<u>\$ 16,475,149</u>	<u>76%</u>	<u>\$ 12,520,202</u>

Sources:

Port Angeles School District Financial Report For the Year Ended August 31, 2008
City of Port Angeles Finance Department
Clallam County Assessor's Office

CITY OF PORT ANGELES
Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	City	County	County	County	County	County	Unemployment Rate ³
	Population ¹	Population ¹	Per Capita Income ²	Personal Income ⁴ (in '000's)	Median Age ¹	School Enrollment ¹	
1999	18,860	66,900	23,436	1,567,868	43.03	5,510	7.2%
2000	18,397	64,179	24,617	1,579,894	43.80	5,415	7.6%
2001	18,420	64,454	26,559	1,711,834	44.27	5,218	7.7%
2002	18,430	64,900	26,563	1,723,939	44.73	5,245	7.5%
2003	18,470	65,300	27,954	1,825,396	45.24	5,095	6.3%
2004	18,530	65,900	28,121	1,853,174	45.63	5,130	5.2%
2005	18,640	66,800	29,267	1,955,036	46.04	4,484	5.8%
2006	18,970	67,800	29,560	2,004,146	46.36	4,385	5.9%
2007	19,010	68,500	29,855	2,045,086	46.71	4,107	5.9%
2008	19,170	69,200	30,123	2,084,512	48.46	4,021	7.5%

Sources:

¹ Washington State Office of Financial Management. School enrollment includes private schools.

² Bureau of Economic Analysis, US Department of Commerce. 2006 & 2007 figures are estimated based on historical growth.

³ Washington State Department of Employment Security. Unemployment rate not seasonally adjusted.

⁴ Calculated on county population times per capita income. City Of Port Angeles information is not specifically available.

City of Port Angeles

**CITY OF PORT ANGELES
Principal Employers
Current Year and Ten Years Ago**

Employer	2008			1999		
	Employees	Rank	Percentage of Total Principal Employers	Employees	Rank	Percentage of Total Principal Employers
Olympic Medical Center	1,045	1	25%	635	1	21%
Westport Marine	527	2	13%			
Peninsula College	485	3	12%			
Clallam County ¹	484	4	12%	360	3	12%
Port Angeles School District	475	5	11%	550	2	18%
City of Port Angeles	265	6	6%	220	6	7%
U.S. Coast Guard	254	7	6%	297	5	10%
Nippon Paper Industries	248	8	6%	303	4	10%
Olympic National Park ¹	198	9	5%	122	10	4%
First Federal Savings & Loan ¹	170	10	4%			
K-Ply ²				210	7	7%
Crestwood Convalescent Center				200	8	7%
Admiral Marine ²				175	9	6%
Total	4,151		100%	3,072		100%

Source: Email and phone calls to each employer group in Port Angeles, who provided their individual employee counts, including part-time, per diem and full-time employees

¹ Clallam County, First Federal S & L, & Olympic National Park includes employees from outlying areas.

² K-Ply and Admiral Marine are currently not in business.

CITY OF PORT ANGELES
Full-Time Equivalent City Government Employees By Function
 Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Manager	5.00	5.45	5.45	5.45	5.00	5.00	5.00	7.40	7.40	6.40
Finance	19.80	19.55	20.40	22.25	21.34	21.34	21.85	21.80	21.90	21.80
Legal	4.25	4.25	4.25	3.75	4.35	3.85	4.35	5.40	5.98	5.85
Information Technology	3.75	3.75	3.00	3.00	3.00	3.50	4.00	3.00	4.00	4.00
Public Safety										
Fire	23.25	23.25	23.00	22.00	16.00	15.00	14.00	14.00	14.00	14.00
Medic One	-	-	-	-	6.00	8.00	10.00	10.00	10.00	10.00
Police	35.00	35.00	35.00	34.40	33.50	36.50	36.50	37.50	39.50	39.50
Pencom	17.50	18.00	18.00	18.00	18.00	19.00	20.00	21.00	21.00	21.00
Transportation										
Street	10.75	10.75	10.75	10.75	10.50	11.50	11.50	11.50	11.50	11.50
Equipment Services	4.34	4.50	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00
Economic Environment										
Community and Economic Development	-	-	-	1.00	1.00	1.00	1.00	0.50	1.25	1.50
Planning	5.00	5.12	5.12	5.12	5.30	5.30	5.40	6.40	6.40	6.50
Culture and Recreation										
Parks and Recreation	32.75	36.89	37.99	41.25	41.25	40.25	39.60	42.40	41.78	41.28
Utilities and Environment										
Electric	16.00	16.00	18.00	23.25	23.50	23.50	24.60	24.60	23.25	22.45
Water	12.25	12.50	12.50	12.50	12.50	12.50	14.50	13.25	12.25	12.25
Wastewater	8.25	8.00	8.00	8.50	9.00	9.50	10.50	10.75	11.75	11.25
Solid Waste Collection	5.00	5.00	5.00	5.00	5.00	5.00	9.00	5.33	5.33	5.33
Solid Waste Transfer Station/Landfill	8.00	8.50	8.50	10.20	10.20	10.20	6.20	7.87	7.87	3.67
Stormwater	-	-	-	-	-	-	-	-	-	1.00
Public Works and Utility Services	17.00	19.00	18.00	14.20	14.45	14.45	14.45	14.45	17.45	16.95
Total Employee Count	227.89	235.51	237.71	245.37	244.64	250.39	257.45	262.15	267.61	261.23

Source: City of Port Angeles Finance Department.

Note: Medic One became a Utility on October 1, 2005, the numbers were restated to 2003.

The reduction of employees in 2008 are from Finance, Legal, and City Managers Office.

Additionally the Solid Waste Transfer Station reduced staff due to the closure of the Landfill.

City of Port Angeles

**CITY OF PORT ANGELES
Operating Indicators By Function
Last Ten Fiscal Years**

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Legal										
Contracts/Agreements	34	103	126	126	42	120	162	65	86	150
District Court cases	1,248	1,200	1,033	1,042	954	854	697	761	729	850
Finance										
GFOA Budget award won (for prior year)	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
GFOA CAFR award won (for prior year)	no	no	no	no	no	no	yes	yes	yes	yes
Customer Service										
Accounts serviced	11,820	10,871	11,000	11,000	11,000	11,000	10,500	10,600	10,711	10,650
Phone calls	22,404	28,552	25,000	27,264	28,000	29,000	31,000	62,698	43,587	45,123
Cashiering transactions	113,885	155,940	160,000	104,748	134,881	143,082	164,118	142,413	122,468	130,513
City Clerk										
Ordinances and Resolutions	48	41	67	75	52	48	84	59	73	63
Public Safety										
Police										
Calls	26,703	19,611	19,663	19,206	17,210	17,518	17,456	18,000	17,259	16,254
Crimes investigated	2,125	2,303	2,347	1,780	2,112	2,174	2,404	2,635	2,341	2,290
Juvenile arrests	295	301	368	263	237	256	244	277	211	250
Adult arrests	441	1,070	1,064	1,036	1,044	912	893	1,035	901	1,138
Fire										
Fire/hazard/other calls	528	568	690	664	598	664	593	721	665	681
Ambulance calls	2,122	2,156	2,211	2,730	2,499	2,560	2,638	2,678	3,055	2,952
Inspections	1,085	1,084	1,100	1,162	1,056	1,067	1,006	1,130	1,228	814
Hours of training per firefighter	14	14	11	9.1	6.7	11.6	10.9	16.8	13.0	16.1
Utilities and Environment										
Number of capital projects (new)	20	23	27	13	14	13	16	9	8	12
Electric										
Number of accounts	10,013	10,156	10,170	10,871	10,871	10,871	10,222	10,412	10,510	10,690
Rate as a percent of average for like-sized cities		74.0%	74.0%	84.5%	79.6%	91.4%	92.3%	91.2%	82.9%	84.6%
Number of outages		72	50	52	44	41	40	73	35	42
Number of customers affected		6,104	5,000	4,595	2,767	4,716	3,000	6,181	5,500	8,535
Number of customer hours of outage		14,898	12,000	6,746	8,771	8,154	7,500	19,202	21,083	8,039
Percent of reliability		99.98%	99.99%	99.99%	99.99%	99.99%	99.99%	99.97%	99.99%	99.99%
Water										
Number of accounts		7,904	7,914	8,166	8,197	8,200	7,760	7,853	7,927	8,023
Rate as a percent of average for like-sized cities		91.0%	90.0%	100.0%	102.3%	NA	NA	112%	135%	NA
Wastewater										
Number of accounts		7,586	7,596	7,596	7,656	7,656	7,407	7,461	7,420	7,236
Rate as a percent of average for like-sized cities		101%	101%	100%	100%	NA	NA	135%	112%	NA
Solid Waste Collection and Transfer Station/Landfill										
Number of Accounts	7,189	7,198	7,238	7,430	7,552	7,586	7,780	7,847	7,821	7,985
Number of Accounts (by class):										
Collection - Residential	6,356	6,368	6,387	6,517	6,588	6,600	6,783	6,820	6,788	6,964
Collection - Commercial	733	730	751	813	861	880	894	922	939	854
Collection - Special	100	100	100	100	103	106	103	105	94	100
Recycling (in tons):										
Tires	NA	NA	NA	155	136	140	170	180	150	160
Self-hauled yard debris	NA	NA	NA	1,424	1,408	1,420	1,955	2,500	2,500	2,000
Tin, aluminum and glass	NA	NA	NA	184	341	370	223	250	279	300

City of Port Angeles

**CITY OF PORT ANGELES
Operating Indicators By Function
Last Ten Fiscal Years**

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Culture and Recreation										
Recreation Programs										
Special Events	NA	24	15	17	18	20	20	18	20	21
Basketball events (teams)	15	15	33	33	34	15	16	12	12	12
Volleyball events (teams)	15	15	18	18	18	9	9	10	10	10
Adult programs participants	45	30	32	45	45	300	350	410	450	550
Youth Summer programs participants	2,400	NA	NA	NA	NA	1,480	50	300	350	400
Youth tournaments participants	6,100	6,100	8,328	9,323	9,345	1,900	2,100	4,000	5,000	5,200
After school participants	NA	NA	NA	NA	NA	NA	NA	3,200	3,300	3,600
Sports Programs										
Softball leagues (participants)	NA	NA	NA	NA	NA	NA	NA	491	500	510
Soccer leagues (participants)	NA	NA	NA	NA	NA	NA	110	228	250	275
Tennis participants	NA	NA	NA	NA	NA	NA	104	110	195	200
William Shore Memorial Pool										
Swimming pool admissions	46,322	37,104	39,840	40,000	40,317	39,954	40,000	33,900	27,200	35,000
Instruction & water exercise	29,965	50,338	38,672	41,800	70,864	72,556	73,000	66,000	52,300	NA
Pool rentals/classes	7,535	7,311	5,720	6,000	6,688	6,770	6,800	6,780	6,900	NA
Hours open	4,426	4,819	4,575	4,700	4,373	4,487	4,500	4,348	3,900	4,000
Senior Center										
Information & referral	21,577	20,344	21,568	22,000	73,207	110,315	110,500	57,374	63,883	64,950
Attendance	53,310	59,505	64,711	65,000	206,663	246,072	246,500	142,600	152,431	156,000
Health programs	6,217	6,990	2,089	2,000	17,370	17,192	17,300	8,510	9,709	6,000
Social events	19,894	21,485	18,762	19,000	21,112	14,461	14,560	49,885	51,894	53,000
Trips	77	73	54	60	229	158	160	51	41	48
Volunteer hours	18,433	17,392	21,239	22,000	62,495	44,552	50,000	21,800	21,436	22,100
Number of members	1,388	1,563	1,630	1,650	1,682	2,683	2,700	1,557	1,635	1,700
Education programs	NA	NA	NA	NA	NA	NA	NA	5,840	5,737	6,000
Fine Arts Center										
Exhibition visitors	NA	NA	NA	NA	NA	NA	NA	9,030	10,204	16,184
Art Path education program visitors	NA	NA	NA	NA	NA	NA	NA	2,600	2,721	3,200
Event visitors	NA	NA	NA	NA	NA	NA	NA	6,231	4,229	3,175
Total attendance	NA	NA	NA	NA	NA	NA	NA	17,861	17,154	22,559
Volunteer hours	NA	NA	NA	NA	NA	NA	NA	610	3,879	2,737
Cemetery										
Property sales	66	53	40	55	74	80	82	60	46	45
Ground burials	26	28	23	25	22	25	25	25	28	25
Inurnments (niche and ground)	31	27	29	34	46	37	53	36	30	30

Notes: Departmental information shows the indicators mentioned in that year's budget. With varying priorities some items were not monitored from year to year.

City of Port Angeles

**CITY OF PORT ANGELES
Capital Asset Statistics By Function
Last Seven Fiscal Years**

Function	2002	2003	2004	2005	2006	2007	2008
Public Safety							
<i>Police</i>							
Police Station	1	1	1	1	1	1	1
Patrol Units ¹	21	21	22	26	27	26	26
Other vehicles ¹	12	12	12	9	11	9	9
<i>Fire</i>							
Fire Station	1	1	1	1	1	1	1
Medic units ¹	3	3	3	3	3	3	3
Fire Pumpers/ladder ¹	6	6	6	7	7	7	7
Other vehicles ¹	4	4	4	4	3	3	3
General Government							
City Hall	1	1	1	1	1	1	1
Pool vehicles ¹	4	4	4	3	4	3	4
Libraries	1	1	1	1	1	1	1
Equipment Services Vehicles ¹	7	7	7	5	4	4	4
Utilities and Environment							
<i>Vehicles*</i>							
Public Works Engineering	7	7	7	7	7	4	4
Electric Utility	26	26	26	23	26	26	26
Water Utility	21	21	22	18	17	15	15
Wastewater Utility	12	12	11	13	16	14	14
Solid Waste Collection Utility	5	5	6	9	6	7	7
Solid Waste Transfer Station/Landfill Utility	10	9	9	8	2	2	2
<i>Buildings</i>							
Corporation Yard	1	1	1	1	1	1	1
Valley Street (Electric) ²	1	1	1	1	1	1	-
Cherry Street (Electric)	1	1	1	1	1	1	1
<i>Water</i>							
Miles of water mains	194	194	194	196	196	199	184
Number of fire hydrants maintained by City	NA	NA	702	743	743	760	682
Pumping Capacity (mg)	10.6	11	11	11	11	11	11
Reservoir capacity (mg)		18	18	18	18	18	18
Service connections		7,900	7,990	8,122	8,259	8,335	8,379
<i>Wastewater</i>							
Maximum daily capacity (mg)	10.1	10.1	10.1	10.1	10.1	10.1	6.7
Service connections		NA	NA	NA	NA	8,768	NA
<i>Electric</i>							
Number of distribution stations	7	7	7	7	7	7	7
Number of meters	-	9,679	9,678	9,671	9,804	9,826	10,518
Miles of transmission lines	-	8.8	8.8	8.8	8.8	8.8	8.8
Miles of conductor lines:							
primary overhead	-	267	266	265	268	268	267
primary underground	-	71	70	70	77	78	79
secondary overhead	-	114	114	114	115	114	114
secondary underground	-	11	11	11	15	15	16
Culture and Recreation							
Museums	-	-	1	1	1	1	1
Fine Arts Center	1	1	1	1	1	1	1
Parks	23	23	23	23	23	23	22
Swimming pools	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1
Park vehicles and equipment ¹	32	32	35	33	34	34	34
Senior Center vehicles ¹	1	1	1	1	1	1	1
Cemetery vehicles ¹	5	5	5	6	8	6	6
Economic Environment							
Archaeologist vehicle ¹		-	-	-	-	1	1
Transportation							
Streets (miles)	NA	NA	NA	187	187	161	187
Streetlights	NA	NA	NA	1,439	1,439	1,439	1,443
Traffic signals	NA	NA	NA	26	26	26	28
Vehicles and Equipment ¹	32	32	32	36	37	34	34

City of Port Angeles

**CITY OF PORT ANGELES
Miscellaneous Information**

Median Household Income

	1999	2000	2001	2002	2003	2004	2005	2006	Estimate 2007	Projected 2008
Clallam County	36,449	38,087	40,451	40,515	41,485	41,531	42,634	45,454	47,401	47,594
Jefferson County	37,869	39,185	41,110	41,548	42,018	44,047	45,722	47,303	48,112	48,069
Washington State	45,776	48,301	49,364	50,003	50,846	53,890	54,085	56,184	59,119	60,010

Official Population Estimates

	1980	1985	1990	1995	2000	2005	2007	2008	2007-2008 % Change	1980-2008 % Change
<i>Clallam County</i>	<i>51,648</i>	<i>52,600</i>	<i>56,420</i>	<i>63,600</i>	<i>64,179</i>	<i>66,800</i>	<i>68,500</i>	<i>69,200</i>	-1.0%	25.4%
Port Angeles	17,311	17,200	17,490	18,540	18,397	18,640	19,010	19,170	-0.8%	9.7%
Forks	3,060	2,885	2,920	3,369	3,120	3,125	3,175	3,205	-0.9%	4.5%
Sequim	3,013	3,295	3,530	4,200	4,334	4,730	5,330	5,610	-5.3%	46.3%
Unincorporated	28,264	29,220	32,480	37,491	38,328	40,305	40,985	41,215	-0.6%	31.4%
<i>Jefferson County</i>	<i>15,965</i>	<i>17,500</i>	<i>20,000</i>	<i>25,100</i>	<i>26,299</i>	<i>27,600</i>	<i>28,600</i>	<i>28,800</i>	-0.7%	44.6%
Port Townsend	6,067	6,310	7,000	8,165	8,334	8,745	8,865	8,925	-0.7%	32.0%
Unincorporated	9,898	11,190	13,000	16,935	17,965	18,855	19,735	19,875	-0.7%	50.2%

Median household income from the Office of Financial Management, State of Washington, last modified October 16, 2008.