



**EVERETT SCHOOL  
DISTRICT No. 2**

*Better Teaching for Better Living*

## NEW ISSUE

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES UNDER EXISTING STATUTES, REGULATIONS, RULINGS AND COURT DECISIONS. FURTHERMORE, AS MORE FULLY DESCRIBED HEREIN UNDER THE CAPTION "PENDING FEDERAL TAX LEGISLATION," IN THE OPINION OF BOND COUNSEL INTEREST ON THE BONDS WOULD BE EXEMPT FROM FEDERAL INCOME TAX UNDER CERTAIN REFORM LEGISLATION.

RATINGS: Moody's Applied for

**\$37,950,000\***  
**EVERETT SCHOOL DISTRICT NO. 2**  
**SNOHOMISH COUNTY, WASHINGTON**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS, 1986**

DATED: July 1, 1986

DUE: June 1 and December 1, as shown below

**Description of the Bonds:** The bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds will be paid on June 1, 1987 and semiannually thereafter on December 1 and June 1 of each year. Interest on the Bonds shall be paid by check or draft mailed (on the date such interest is due) to the registered owners or nominees of such owners at the addresses appearing on the Bond Register on the 15th day of the month preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of Bonds by the registered owners or nominees of such owners at the principal office of either fiscal agency of the State of Washington in Seattle, Washington or New York, New York.

The Bonds are not "nonessential function bonds" as defined in H.R. 3838

**\*Maturity:** The Bonds will mature on December 1 and June 1, in the following years and amounts:

<u>Due</u>	<u>June 1 Amount</u>	<u>December 1 Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>Due</u>	<u>June 1 Amount</u>	<u>December 1 Amount</u>	<u>Rate</u>	<u>Yield or Price</u>
1987	0	0			1997	145,000	1,265,000		
1988	0	205,000			1998	65,000	1,470,000		
1989	0	770,000			1999	1,650,000	1,710,000		
1990	0	1,160,000			2000	1,905,000	1,970,000		
1991	140,000	1,380,000			2001	2,185,000	2,260,000		
1992	310,000	1,630,000			2002	2,490,000	2,580,000		
1993	0	145,000			2003	2,825,000	2,930,000		
1994	0	270,000			2004	3,195,000	1,620,000		
1995	0	405,000							
1996	0	1,270,000							

*\*Subject to change.*

**Redemption:** The Bonds maturing in the years 1997 through 2004 are subject to optional redemption prior to maturity at par plus accrued interest, in whole or in part, in inverse order of maturities and by lot within maturity on any interest payment date beginning June 1, 1996.

The Bonds are direct general obligations of the District and the full faith, credit and taxing power of the District are pledged to the payment of the principal of and interest on the Bonds. The District is legally obligated to levy ad valorem taxes on all taxable property within the District for the payment of the principal of and interest on the Bonds without limitations as to rate or amount.

The Bonds are offered by the Underwriter, when, as and if issued, subject to the approving legal opinion of Perkins Coie, Seattle, Washington, Bond Counsel. It is expected that the Bonds in definitive form will be ready for delivery in Seattle, Washington on or about July \_\_\_, 1986.

**DAIN BOSWORTH**  
**INCORPORATED**

*This Official Statement was prepared by Dain Bosworth Incorporated, as Underwriter of the Bond issue. The information contained herein has been obtained from District officials and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date thereof.*

*This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Additional copies of the Official Statement may be obtained from Dain Bosworth Incorporated, Municipal Underwriting Department, 999 Third Avenue, Seattle, Washington 98104; (206) 621-3172.*

Everett School District No. 2

Board of Directors

Shirley Vandermeer, President  
Sue Cooper, Vice President  
Earl Dutton, Director  
Robert Daoust, Director  
Charles Betts, Director

School Administrative Staff

Rudy Johnson, Superintendent  
Robert Whitehead, Assistant Superintendent for Instruction  
Paul Sjunnesen, Assistant Superintendent for Business

Snohomish County Officials

Kirke Sievers, Treasurer  
Dean Williams, Auditor  
Robert Shaw, Assessor

Bond Counsel

Perkins Coie  
Seattle, Washington

Financial Advisor to the District

Seattle-First National Bank

Underwriter

Dain Bosworth  
Incorporated

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## OFFICIAL STATEMENT

Everett School District No. 2  
Snohomish County, Washington

\$37,950,000  
Unlimited Tax General Obligation Bonds, 1986

Everett School District No. 2, Snohomish County, Washington (the "District"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington furnishes this Official Statement in connection with the offering of \$37,950,000 principal amount of Unlimited Tax General Obligation Bonds, 1986 dated July 1, 1986 (the "Bonds"). This Official Statement provides information concerning the District and the Bonds.

### DESCRIPTION OF THE BONDS

#### Authorization for Issuance

The Bonds were approved by a vote of the electorate within the School District at an election on February 4, 1986 in which 73.8% of those voting approved the Bond issue: 5625 in favor, 1994 against. The Board of Directors of the District authorized the issuance of the Bonds by Resolution No. \_\_ on June \_\_, 1986.

#### Principal Amount, Dates, Interest Rates, and Maturities

The Bonds will be issued in the principal amount of \$37,950,000 and will be dated and bear interest from July 1, 1986. The bonds will mature on the dates and in the principal amounts and will bear interest (payable on December 1, 1988, and semiannually thereafter on each succeeding June 1 and December 1) at the respective rates set forth on the cover of this Official Statement.

#### Optional Redemption

The bonds maturing 1987 through 1996 are issued without the right of the District to call the same for redemption prior to their respective maturity dates. The District reserves the right to redeem the outstanding Bonds of this issue maturing on and after June 1, 1997 in whole, or in part in inverse chronological order of maturity and by lot within a maturity, on June 1, 1996, or on any interest payment date thereafter at par plus accrued interest to the date of redemption.

#### Security

The Bonds are general obligations of the District and the full faith and credit of the District is pledged for the punctual payment of the principal of and interest on the Bonds. The Bonds are secured by general ad valorem taxes to be levied against all taxable property within the District without limitation as to rate or amount. More specifically, for the purpose of paying the principal of and interest on the Bonds as the same shall become due, the District will levy on all taxable property located within the District, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal and interest on the Bonds. Such taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds shall have been fully paid, satisfied and discharged.

#### Form and Denomination

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof.

### Paying Agents, Registrars, and Transfer Agents

Principal and interest on the Bonds will be payable by either fiscal agency of the State of Washington in Seattle, Washington or New York, New York. The fiscal agencies of the State are currently Seattle First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York.

### Estimated Use of Proceeds

The proceeds of the bonds will be used to pay the costs to:

1. Construct two elementary schools and one middle school
2. Provide additions and renovations to existing facilities
3. Provide 9 elementary school covered playgrounds

The elementary schools are expected to open their doors in the fall of 1988; the middle school should be finished by the fall of 1989.

### Estimated Sources and Uses of Funds

#### Sources of funds:

Par Amount of Bond Issue	\$37,950,000
Interest earned during construction	5,120,000
	-----
Total Sources	\$43,070,000

#### Uses of Funds:

Silver Firs and Mill Creek Elementary School Construction	\$12,564,000
Heatherwood Middle School Construction	12,751,000
Whittier Elementary School Addition	2,036,000
Cascade High and Everett High Additions	5,831,000
9 Elementary covered playgrounds	1,616,000
Remodel Silver Lake Elementary	616,000
Miscellaneous local projects and contingency	6,990,000
Cost of Bond Issuance	-----
Total Uses	\$43,070,000
	=====

### Future Financings

The offering of \$37,950,000 is expected to provide funds necessary for all anticipated capital projects over the next three years. If current enrollment trends continue, additional secondary facilities may be necessary in the early to mid 1990s. The scope of any financing to meet these needs can not yet be accurately determined.

### Debt Payment Record

The District has always promptly met principal and interest payments on outstanding bonds when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

## UNDERWRITING AND LEGAL

### The Underwriting Agreement

The Bonds are being purchased by Dain Bosworth Incorporated acting as the Underwriter. The purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a price of \_\_\_\_% of the par value of the Bonds, plus accrued interest. The Bonds will be reoffered at an average price of \_\_\_\_% of the par value of the Bonds. After the initial public offering, the public offering prices may be varied from time to time.

### Description of Rating

As noted on the cover page of this Official Statement, the District has applied to Moody's Investors Service, Inc. for a rating on the Bonds. The rating reflects only the view of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating would be likely to have an adverse effect on the market price of the Bonds.

### Litigation

There is no litigation pending questioning the validity of the Bonds, or the power and authority of the District to issue the Bonds.

### Legal Opinion

Legal matters incident to the authorization, issuance and sale of Bonds by the District are subject to the approving legal opinion of Perkins Coie of Seattle, Washington, Bond Counsel. A copy of the opinion of Bond Counsel will be printed on the Bonds. Bond Counsel expresses no opinion on the completeness or accuracy of any Official Statement, offering circular or other sales material relating to the Bonds. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them, conform to the Bonds and the applicable laws under which they are issued.

### Tax Exemption

In the opinion of Perkins Coie, Bond Counsel, the interest on the Bonds is exempt from federal income tax under present statutes, court decisions and regulations.

### Pending Federal Tax Legislation

On December 17, 1985, the United States House of Representatives passed the Tax Reform Act of 1985 (H.R. 3838), which would substantially change the provisions of the Internal Revenue Code relating to the exemption from federal income taxation for obligations of states and their political subdivisions issued after December 31, 1985. If H.R. 3838 as so passed is enacted into law, the Bonds would be subject to certain of its provisions retroactive to their date of issue.

H.R. 3838 sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain exempt from federal income taxation. Furthermore, with respect to interest income received from tax-exempt obligations acquired after November 14, 1985, H.R. 3838 would impose, for taxable years beginning after 1987, an alternative minimum tax on the net gain of property and casualty insurance companies from operations, including interest from tax-exempt obligations such as the Bonds. Also, under H.R. 3838, banks, thrift institutions, and other financial institutions would be denied interest deductions, with certain exceptions not applicable to the Bonds, to the extent of all interest attributable to the purchase or carrying of tax-exempt obligations such as the Bonds acquired after December 31, 1985.

On March 14, 1986, the Chairmen and Ranking Members of the House Committee on Ways and Means and Senate Committee on Finance and the Secretary of Treasury issued a "Joint Statement on the Effective Dates of Pending Tax Reform Legislation" that endorses a postponement, until September 1, 1986 (or the date of enactment of tax reform legislation, if earlier) of certain requirements of H.R. 3838 that would have been applicable to the Bonds if H.R. 3838 were enacted as passed by the House of Representatives. The postponed provisions include the definition of "nonessential function bonds," the unified volume cap, certain arbitrage requirements and rebate of arbitrage profit, the timing limitations within which bond proceeds must be spent, the information reporting requirements and the treatment of interest on certain tax-exempt obligations as a minimum tax preference item.

On May 7, 1986, the Finance Committee of the United States Senate (the "Finance Committee") approved its own tax reform proposal which differs from H.R. 3838 in many respects. As approved, the Finance Committee would not, if enacted, subject interest on the Bonds to Federal income taxation except that some tax-exempt interest received by corporations and banks may be subject to Federal income tax under certain minimum corporate tax provisions.

Bond Counsel expresses no opinion as to the federal tax exemption with respect to the Bonds in the event that H.R. 3838 is enacted in modified form other than as described in this section or in the event that other statements such as the Joint Statement affecting the Bonds are issued, proposed or enacted. Bond Counsel expresses no opinion, and the District cannot predict, whether H.R. 3838 or the tax reform legislation approved by the Senate Finance Committee on May 7, 1986 will be enacted into law in their present form.

#### Public Disclosure Law

On January 1, 1973, Initiative Measure No. 276 (the Public Disclosure Law) became effective as Ch. 1, Laws of 1973 and Ch. 42.17 Revised Code of Washington. This law provides, among other things, for reporting procedures relating to the financing of election campaigns. One of the civil remedies and sanctions which may be imposed by court order, if the court finds the violation of any provision of such law "probably affected the outcome of any election," is that the result of such election may be held void and a special election held within sixty days of that finding. Any action to void an election must be commenced within one year of the date of the election in question.

RCW 42.17.400 provides that the State Attorney General and the prosecuting authorities of political subdivisions of the State (Prosecuting Attorney) may bring civil actions in the name of the State for any appropriate civil remedy, including the remedy referred to in the immediately preceding paragraph. If after the written notification to the State Attorney General and the Prosecuting Attorney such officials do not commence an action within 45 days after such notice, the notifying citizen may bring a citizen's action to enforce the remedy.

The election in the District, at which approval of the issuance of the Bonds was received, was held on February 4, 1986. No proceedings have been instituted nor demands made upon the appropriate officials to institute any proceedings, nor are threats thereof known to any of the District officials, challenging such election.

#### Delivery of Bonds

The intended date for delivery is July \_\_, 1986.

#### School Districts

School districts in Washington are municipal corporations empowered to provide elementary and secondary educational services. Their operations are supported primarily by state funds, property taxes and federal grants. The Everett School District is governed by a board of five directors elected by voters of the District for six-year terms. The chief administrative officer is a superintendent appointed by the board of directors.

#### School Funding

The Washington Basic Education Act of 1977 provided for the full funding of basic education, operational costs for transportation, the purchase of transportation equipment, and programs for the handicapped by the State. The legislature, at its discretion, may provide funds for other special programs, including, but not limited to, vocational-technical institutes and bilingual language.

The funding by the State is based upon average full time equivalent student enrollment. Special levies for "enrichment programs" are limited to a percentage of the District's total basic education allocation (currently 16.1% in the Everett School District) and must be approved by the District's voters.

#### Debt Limitation

Under the statutes of the State of Washington, as set forth in the Revised Code of Washington, a school district may incur general obligation indebtedness not to exceed 5% of the assessed value of taxable property within the school district. Authorization of any such general obligation bond issue requires that 40 percent of those voting in the last general election must cast a ballot, and 60 percent of those voting must approve the issue.

#### Authorization of Short-term Debt

The power of the District to contract debt of any kind is controlled and limited by State law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues. The budget must be balanced for each fiscal year. It is unlawful for an officer or employee of the District to incur liabilities in excess of budgetary appropriations.

As a result of 1982 legislation, a Washington municipal corporation may borrow money and issue short-term obligations, the proceeds of which may be used for any lawful purpose. Short-term obligations may be issued in anticipation of the receipt of revenues, taxes, or grants or the sale of bonds. These short-term obligations shall be repaid out of money derived from the source or sources in anticipation of which they were issued or from any money legally available for this purpose.

Additionally, the District may incur short-term indebtedness in the following ways:

- (1) In an emergency, the Directors may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purposes shall be paid by warrants from any available money in the fund property chargeable with such expenditures. If there is insufficient money on hand in the fund, the warrants become registered interest-bearing warrants. In adopting the budget for any fiscal year, the Board of Directors shall appropriate funds to retire any outstanding warrants issued since the adoption of the last preceeding budget.
- (2) The District may, without a vote of the electors, purchase property on a conditional sales contract if the total contract amount, together with the other non-voted general obligation indebtedness of the District, does not exceed  $\frac{3}{8}$  of one percent of the value of taxable property in the District; any item so purchased must be budgeted for payment in accordance with the terms of the contract.

The Everett School District has not issued any short term debt nor has it been necessary to rely on interest bearing warrants for the operation of the District.

EVERETT SCHOOL DISTRICT NO. 2

FINANCIAL INFORMATION

(As of April 30, 1986)

Assessed Valuation (1986) -- \$2,673,008,022

Estimated Population -- 77,700

Assessed Valuation -- 100% of Actual Value

NET DIRECT AND OVERLAPPING DEBT

Direct Debt, Including this Issue*		\$54,510,000
Less: Cash and Investments in Bond Fund		(2,123,235)
		-----
Net Direct Debt		\$52,386,765
Estimated Overlapping Debt		
Port of Everett	\$3,871,000	
City of Everett	* 2,600,000	
Snohomish County	5,646,000	
Fire Districts 7 & 11	2,680,000	
		-----
		\$14,797,000
Total Net Direct and Estimated Overlapping Debt		\$67,183,765

\* Preliminary, subject to change

BONDED DEBT RATIOS

Net Direct Debt to Assessed Valuation	1.96%
Net Direct and Overlapping Debt to Assessed Valuation	2.51%
Per Capita Assessed Valuation	\$34,402
Per Capita Net Direct Debt	\$674
Per Capita Net Direct and Estimated Overlapping Debt	\$864

DEBT CAPACITY  
(As of April 30, 1986)

1986 Assessed Valuation	\$2,673,008,022
General Obligation Debt Capacity (5%) of Assessed Valuation	133,650,401
Less: Outstanding General Obligation Bonds (Including This Issue)	(54,510,000)
Plus: Cash and Investments in Bond Fund	2,123,235
	-----
Remaining Debt Capacity (No Additional debt authorized by voters)	\$81,263,636
	=====

EVERETT SCHOOL DISTRICT  
SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS  
(As of April 30, 1986)

(Year Ended December 31)

Year	<u>Outstanding Debt (3 Issues)</u>		<u>This Issue*</u>		<u>Total Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
1986	\$1,250,000	\$939,507	\$ 0	\$ 927,769	\$3,117,276
1987	1,325,000	888,348	0	2,830,482	5,043,830
1988	1,170,000	809,987	205,000	2,830,482	5,015,469
1989	1,070,000	741,578	770,000	2,819,720	5,401,298
1990	1,135,000	677,720	1,160,000	2,775,446	5,748,166
1991	1,200,000	608,860	1,520,000	2,701,471	6,030,331
1992	1,270,000	535,605	1,940,000	2,600,771	6,346,376
1993	1,335,000	457,755	145,000	2,484,746	4,422,501
1994	1,415,000	373,725	270,000	2,474,958	4,533,683
1995	1,495,000	286,102	405,000	2,456,058	4,642,160
1996	1,235,000	189,139	1,270,000	2,426,898	5,121,037
1997	1,295,000	116,401	1,410,000	2,328,823	5,150,224
1998	1,365,000	37,585	1,535,000	2,227,410	5,164,995
1999			3,360,000	2,052,022	5,412,022
2000			3,875,000	1,786,020	5,661,020
2001			4,445,000	1,479,050	5,924,050
2002			5,070,000	1,130,502	6,200,502
2003			5,755,000	721,271	6,476,271
2004			4,815,000	254,183	5,069,183
	-----	-----	-----	-----	-----
	\$16,560,000	\$6,664,312	\$37,950,000	\$39,308,082	\$100,482,394
	=====	=====	=====	=====	=====

\*Preliminary, subject to change; assumed interest rates range from 5.25% to 7.90%.

EVERETT SCHOOL DISTRICT No. 2  
TAX COLLECTION RECORD

ALL FUNDS

<u>Collection</u> <u>Year</u>	<u>Assessed</u> <u>Valuation(1)</u>	<u>Total</u> <u>Tax Levy</u>	<u>Tax Collection</u>	
			<u>Year</u> <u>of Levy</u>	<u>As of</u> <u>4/31/86</u>
1986	\$2,673,008,022	\$8,006,791	(3)	(3)
1985	2,611,301,590	5,665,058	94.6%	95.7%
1984	2,357,193,979(2)	6,398,689	94.5%	98.0%
1983	2,467,532,213	6,220,272	96.4%	99.5%
1982	2,397,708,060	4,346,071	94.5%	99.5%
1981	1,527,378,628	6,853,099	94.6%	99.7%

(1) Assessed valuation is based upon 100% of estimated actual valuation.

(2) 1984 assessed valuation includes the effect of the removal of inventories from assessed valuation pursuant to Washington State legislation.

(3) In process of collection.

Sources: Snohomish County Assessor and Snohomish County Treasurer.

1986 Assessed Valuation of  
Some of the Major Taxpayers  
Within Everett School District No. 2

<u>Taxpayer</u>	<u>1986 Assessed</u> <u>Valuation</u>
General Telephone Corporation	\$489,178,160
Western Gear	225,259,122
Scott Paper	137,898,165
Weyerhaeuser	96,588,080
Washington Natural Gas	22,053,459

Source: Snohomish County Assessor

EVERETT SCHOOL DISTRICT No. 2

Adjusted Assessed Valuation, Tax Levy Rates and Revenue

Collection Year	Adjusted Assessed	<u>Tax Levy Rate</u>			<u>Tax Levy</u>		
	<u>Valuation(1)</u>	<u>Total</u>	<u>Bond</u>	<u>Special</u>	<u>Total</u>	<u>Bond</u>	<u>Special</u>
1986	\$2,618,784,537	3.056	.955	2.101	\$8,006,791	\$2,502,128	\$5,504,663(2)
1985	2,556,873,373	2.215	.861	1.354	5,665,058	2,202,083	3,462,975
1984	2,306,384,993	2.773	.821	1.952	6,398,689	1,894,454	4,504,235
1983	2,402,468,437	2.587	.869	1.718	6,220,272	2,089,453	4,130,819
1982	2,326,783,344	1.867	.860	1.007	4,346,071	2,001,937	2,344,134
1981	1,495,937,752	4.577	2.574	2.003	6,853,099	3,854,028	2,999,071

(1) Adjusted for Senior Citizen Exemption

(2) Includes Timber Excise Tax distribution

NOTE: Taxes are due and payable on April 30 of each year succeeding the levy. The entire tax or first half must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1.

Source: Snohomish County Assessor

106% Limitation

The 106% limitation (RCW 84.55) is a limitation on the amount of levies by individual taxing districts. All municipal regular property tax levies, including those by the State for the support of the schools are subject to the 106% limitation. The law provides, in substance, that unless a higher rate is approved by a majority of the voters at an election, the regular property tax levy by a taxing district must be set so that the amount of the property taxes which will become payable in a given year will not exceed 106% of the amount of taxes levied by the taxing district in the highest of the three most recent years, plus an adjustment for new construction. The tax levy for bonds is a special levy approved by the voters, and as such, is not subject to the 106% limit. A newly created taxing district can initiate its levy at the maximum permitted statutory levy rate. Since the 106% limitation applies to the dollar amount levied rather than to levy rates, increases in property values exceeding 106% per year result in decreasing tax levy rates.

The actual rate levied in a representative area of the District in 1986 is as follows:

Representative Levy Rates

State Schools	\$3.566
Snohomish County	1.205
Port of Everett	.488
Everett School District	3.056
City of Everett	3.306
.....	
Total	\$11.621

Source: Snohomish County Assessor

## TAX COLLECTIONS

### Tax Collection Procedure

Property taxes are levied in specific amounts and the rates for all taxes levied for all taxing districts in the County (including the District) are determined, calculated and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing district upon a tax roll which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the County Treasurer (an elected official) by December 15 of each year, and an abstract of the tax roll, showing the total amount of taxes collectible in each of the taxing districts for the year, is delivered to the County Auditor (an elected official) at the same time. The County Auditor issues to the County Treasurer his warrant authorizing the collection of taxes listed on the Assessor's certified tax roll. The County Treasurer creates a tax account for each taxpayer and is responsible for the collection of taxes due to each account. As such taxes are due and payable on the 30th of April of each year, but if the amount due from a taxpayer exceeds ten dollars, one-half may be paid then and the balance no later than October 31, of each year. The entire tax or first half must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1. The method of giving notice of payment of taxes due, the Treasurer's accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law the County Treasurer may not commence foreclosure of a tax lien on real property until three (3) years have passed since the first delinquency.

### Assessed Valuation Determination

In the State of Washington the County Assessor ("Assessor") determines the value of all real and personal property throughout the County (including the District) which is subject to ad valorem taxation with the exception of certain public service properties for which values are determined by the State Department of Revenue. The Snohomish County Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulation promulgated by the Department of Revenue of the State of Washington.

For tax purposes the assessed value of property is 100% of its actual value. All property is subject to revaluation every three years. The revaluation occurs in cycles, and the intention is that one-third of the property be revalued every year. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in his office. The Assessor's determinations are subject to revisions by the State Board of Equalization. After all administrative procedures are completed, the school board receives the Assessor's final certificates of assessed value of property within the District.

FINANCIAL INFORMATION  
EVERETT SCHOOL DISTRICT NO. 2  
COMPARATIVE GENERAL FUND INCOME/EXPENSE STATEMENT  
(FISCAL YEAR ENDING August 31)

	Budget 1985-86	Actual 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
<u>Revenues/Cash/Investments</u>					
Beginning Balance	\$ 3,356,416	\$ 3,875,406	\$ 2,813,280	\$ 2,200,103	\$ 2,927,529
Local Taxes	4,608,709	3,880,649	4,312,847	3,383,534	2,621,780
State Funds	28,636,388	31,730,810	29,326,333	27,963,324	25,731,595
Federal Funds	2,060,953	1,135,172	992,465	888,894	828,136
Local Non-Tax Revenue	1,391,556	545,220	559,857	393,299	660,077
Local Reimbursements	4,730,089	1,034,125	890,978	666,944	606,364
Federal Reimbursements	130,400	541,363	545,372	470,860	311,275
Payments from Other Districts	50,000	29,756	21,777	45,815	22,659
	-----	-----	-----	-----	-----
Total Revenues/Cash/Investments	\$44,964,511	\$42,772,505	\$39,462,927	\$36,012,771	\$33,759,416
<u>Expenditures</u>					
Basic Education	\$18,481,802	\$17,602,329	\$16,298,101	\$15,370,951	\$14,775,913
Handicapped Instruction	3,183,520	2,839,555	2,269,593	2,054,163	1,901,695
Vocational Instruction	1,589,407	1,299,134	988,160	976,427	892,722
Compensatory Education	1,622,350	1,304,333	1,025,168	958,014	917,310
Other Instructional Programs	706,897	589,858	611,772	357,058	420,519
Community Services	526,520	481,596	476,978	421,018	318,202
Support Services	16,945,511	15,508,923	14,642,287	12,705,777	12,348,047
	-----	-----	-----	-----	-----
Total	43,056,007	39,625,727	36,312,061	32,843,408	31,574,408
Adjustments		209,637			15,095
	-----	-----	-----	-----	-----
Total Disbursements	43,056,007	39,416,090	36,312,061	32,843,408	31,559,313
Ending Net Cash/Investments (1)	\$ 1,908,504	\$ 3,356,416	\$ 3,875,406	\$ 3,169,363	\$ 2,200,103

(1) As of May 20, 1986, the District estimates a \$2,518,000 fiscal year ending balance.

### Auditing of School District Finances

The State Auditor is required to examine the affairs of school districts. School districts with 8,000 full-time equivalent (FTE) students are audited every year, districts with 2,000 - 7,999 students are audited biannually and districts with under 2,000 students are audited every three years. The Everett School District has 13,000 students and are therefore audited annually. The examination must include, among other things, the financial condition and resources of the district, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the School District. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the auditing department of the School District.

### Budgeting, Disbursements and Accounting

Washington State Law Chapter 28A.65 sets forth the policies and procedures by which the Everett School District prepares the annual budget. Final budgets must be approved by the Board of Directors prior to the beginning of the fiscal year. After publishing a notice in the newspaper for two consecutive weeks, the Board of Directors meets at the time and place designated in the notice, conducts a hearing on the budget and by resolution adopts the budget and the appropriation for each fund.

Budget preparation is supervised by the Assistant Superintendent for Business. Supervisors and principals submit their requests to the business office for review. Requests are compiled by the business office for further discussion by the Superintendent, his immediate staff and the administrative council. The budget, together with the Superintendent's budget message is printed, made available to the public and presented to the Board for approval.

Purchases are initiated by supervisors and principals and are subject to approval by the Superintendent and Assistant Superintendent. Price quotations and bid requirements are followed according to State Codes and Board policy which require purchases and Public Works projects (excluding textbooks) exceeding \$20,000 be subject to competitive bid. The bids are reviewed by the business office and awarded by the school board.

Invoices charged to the District are paid by warrants drawn upon the County Director of Budget & Finance by the business office and redeemed by the Treasurer from funds on deposit. Warrants are issued and recorded on a form register which is used for control and redemption of warrants. Each fund is recorded monthly.

The Washington State Superintendent of Public Instruction and the State Auditor have prescribed a uniform system of accounting as contained in the Accounting Manual for Public School Districts in the State of Washington. Separate funds and accounts are maintained for specific purposes and projects in accordance with the accounting manual, bond covenants, tax levies, commitments for grants, and Resolutions passed by the school board. Revenues and expenses are accounted for on a modified accrual basis, are computerized, with detailed status reports being produced monthly. An Annual Financial Report is published by the Superintendent.

School districts in the State of Washington are required to operate their general or current expense funds on a modified accrual basis of accounting whereby revenues are recorded as received and expenditures are reported as incurred.

### THE DISTRICT

Everett School District, located in Snohomish County, encompasses the City of Everett and includes a current estimated population of 77,700. The District operates 12 elementary schools, 3 middle schools, and 2 high schools.

The District employs a full time equivalent of 1,002, 723 of which are certificated and 355 of which are classified. Historical student enrollment for the District is shown as follows:

	<u>Historical Student Enrollment</u>			
	<u>Elementary</u>	<u>Grades 6 - 8</u>	<u>High School</u>	<u>Total Enrollment</u>
1985	5,884	2,585	4,147	12,616
1984	5,507	2,796	3,988	12,291
1983	5,204	2,956	3,775	11,935
1982	5,137	3,103	3,561	11,801

	<u>Projected Student Enrollment</u>			
	<u>Elementary</u>	<u>Grades 6 - 8</u>	<u>High School</u>	<u>Total Enrollment</u>
1986	6,389	2,545	4,043	12,977
1987	6,801	2,625	3,808	13,234
1988	7,178	2,825	3,614	13,617
1989	7,608	2,959	3,455	14,022

Source: Everett School District

### District Organization

The Everett School District, a municipal corporation, is governed by a five member board of directors and operates under the Constitution and Laws of the State of Washington and regulations of the State Board of Education. Each director is elected "at large" with the school district. Board members are elected for six year terms and serve without remuneration. The school board holds regular meetings twice a month and special meetings as needed. All meetings are open to the public as provided by law and agenda items are prepared in advance. The current members of the Board and their terms of office are:

	<u>Term Expires</u>
Shirley Vandermeer, President	1989
Sue Cooper, Vice President	1991
Earl Dutton, Director	1991
Robert Daoust, Director	1989
Charles Betts, Director	1987

The Board appoints a chief executive officer of the school district, entitled the Superintendent, who serves at the discretion of the Board of Directors. The Superintendent is responsible to the Board for the administration of all schools and departments of the District. The Superintendent recommends department heads, district managers and selects legal and bond counsel; he maintains a permanent journal of Board proceedings, records and certifies appropriate policies and resolutions and serves as custodian of official District records.

The Superintendent appoints an Assistant Superintendent for Business who supervises the financial affairs of the District. The Assistant Superintendent, serving as controller, is required to provide a report to the Superintendent and to the Board on a monthly basis showing the relation between the estimated income and expenses and actual income and expenses to date. The Assistant Superintendent is responsible for operating a general accounting system for the District in conformity with the best recognized practices of governmental accounting; he supervises the purchasing activities of all departments and manages the receipt, custody and disbursement of all District funds. He also supervises the preparation of the annual budget which provides for the servicing of debt. The budget is presented to the Board for its review, approval and final adoption.

The day to day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Dr. Rudy Johnson, Superintendent - Rudy Johnson was appointed Superintendent in 1976 after serving 6 years as the District's Assistant Superintendent for Instruction. Dr. Johnson holds a Doctor of Education degree from the University of Oregon.

Dr. Robert Whitehead, Assistant Superintendent for Instruction - Robert Whitehead has been with the District since 1982. Previously, Dr. Whitehead was Superintendent for the South Whidbey School District. Dr. Whitehead received a Doctor of Education degree from the University of Washington.

Dr. Paul Sjunnesen, Assistant Superintendent for Business - Paul Sjunnesen joined the District in 1982. Previously, Dr. Sjunnesen was the Director of Finance for Bellevue School District. Dr. Sjunnesen's educational background includes Doctor of Education and a Master of Arts in Mathematics degrees from the University of Washington.

#### Labor Relations

The District currently employs 1002 full-time equivalent employees. The majority of employees who are eligible under State law to be represented by a labor organization are employed under provisions of negotiated contracts with 6 major labor organizations. The Everett Education Association represents the teachers.

The District enters into written bargaining agreements with each of the bargaining organizations; agreements contain provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions, and grievance procedures. The Everett Education Association contract expires August 31, 1986. The District strives to complete agreements with all groups in a timely manner, consistent with all applicable state law, to ensure equity in contract provisions, and promote labor relation policies mutually beneficial to management, employees, and the education program. The District considers labor relations with its union employees very positive with no current labor disputes.

#### Pension System

Pensions for the District employees are provided by the State Teachers' Retirement System or the Public Employees Retirement System (PERS). The District's contributions to PERS are current, and there is no unfunded liability on the part of the District. The obligation for employer contributions to the Washington Teachers' Retirement System previously resided with the State, not with the District. Beginning in 1985-86, employer contributions to the Teachers' Retirement System became the responsibility of the District, but under current legislation the State will be responsible for appropriating to the District funds sufficient to make contributions for certified employees funded by the State's general apportionment and handicapped formulas.

#### Insurance

The Everett School District maintains insurance policies which it deems to be sufficient to cover its risk. These policies include replacement costs up to \$97,000,000 on buildings and contents and an umbrella liability policy in the amount of \$15,000,000.

### Economic and Demographic

The City of Everett lies on Puget Sound approximately 30 miles north of Seattle and serves as the county seat of Snohomish County. Snohomish County comprises the northern portion of the Seattle-Everett metropolitan area which ranks third on the Pacific Coast in population. It is one of the fastest growing areas with a 41% population increase from 1970 to 1985, compared to 28% for the State of Washington for the same period.

The City of Everett is Washington State's fifth largest city with an estimated 1985 population of 57,030. Snohomish County had an estimated 366,700 residents in 1984, 15% of which live in Everett. Everett has grown by over four percent since 1980 and Snohomish County grew by 8.6% in the last four years. Historical City and County population and projected County is shown in the following table.

<u>Population, Snohomish County</u>				
	<u>City of Everett</u>	<u>Incorporated</u>	<u>Unincorporated</u>	<u>Total</u>
1985	57,030	101,116	208,064	366,210
1984	56,680	98,917	204,053	359,650
1983	56,200	94,461	203,964	354,625
1982	56,700	94,600	198,950	350,250
1981	56,100	95,770	*-196,031	347,901
1980	54,413	91,720	186,491	332,624

Source: U.S. Census and Washington State Office of Financial Management.

Although closely tied to the economy of the Seattle urban area, the City functions primarily as the economic center of Snohomish County. Everett provides goods and services to the remainder of Snohomish County, much of which is devoted to agricultural and forestry-related activities. Nearby Snohomish County communities served in this capacity include Arlington, Lake Stevens, Marysville, Mukilteo and Snohomish.

The City has a substantial economic base of its own based principally on the two manufacturing activities of aircraft production and forest products processing. Prior to 1967, the Snohomish County economy depended heavily upon the forest products industry as the primary manufacturing employer in the County. However, in mid-1966 Boeing decided to build the new 747 airplane in Everett, changing the County employment base dramatically. Since 1969, the Snohomish County employment base has changed from one employing 52.8% in manufacturing-related jobs and 47.2% in nonmanufacturing jobs, to one employing 26.2% in manufacturing-related jobs and 73.8% in nonmanufacturing jobs.

Major manufacturing employers within Snohomish County include The Boeing Company (airplanes), John Fluke Manufacturing Co. (precision electronic equipment), Scott Paper Co. (pulp, paper and lumber) and ELDEC Corporation (electronics).

### Airplane Manufacture

The Boeing Company manufactures its 747 and 767 series jet airliners at a 733-acre site in the City of Everett, adjacent and connected to Paine Field. Since production began on the 747 series in the late 1960s, over 630 planes have been delivered. The Boeing Company projects demand for the various passenger, cargo and military models of these aircraft to continue into the 1990's. In 1985, United Airlines ordered six 747-200 and 110 737-300 planes. Northwest Airlines recently ordered Boeing's first ten 747-400s, a new model of the existing 747 airplane, at a cost of \$2 billion. In April, 1986, Singapore Airlines ordered fourteen 747s for delivery in 1989-1993; the size of the contract is between \$2.2-3.3 billion, depending on the number of options exercised.

In 1978 the Boeing Company began to design and build a new line of commercial jet airliners, designated as the 767 series, at the Everett facility. This necessitated an approximately 3 million square foot expansion of the office, production and warehouse facilities to the present size of approximately 6 million square feet. The 767 was unveiled August 1981, with the first plane in service August 1982. Boeing has delivered 130 model 767 airplanes to date. Boeing employs approximately 8,800 persons at the Everett plant.

### Electronics

Electronics and related advanced technology industries have developed a strong presence in Snohomish County through the last decade. Present employment, at over 7000, comes from such firms as Hewlett Packard, John Fluke Manufacturing Company, the Squibb Medical Group/Advanced Technology Laboratories, Honeywell and ELDEC Corporation.

Several recent developments have increased potential for growth in Snohomish County's advanced technology industrial base. First, the formation of the Technology Corridor, 2000 acres of land for sale and buildings for lease, has the potential for 17 million square feet of research and development, light manufacturing and office space, and direct employment of 34,000 people at completion. The Technology Corridor is receiving world-wide recognition and has already attracted many new businesses: Honeywell, ELDEC, Advanced Technology Laboratories, International Biomedics, Panasonic, Omni Enterprises, Tanaka Kogyo, and others. New tenants in the Technology Corridor account for the creation of over 3,000 new jobs in Snohomish County in the last two years.

Another major development is the recent formation of a public-private partnership to build the State's first Applied Technology Training Center. The Center was created to meet the needs of local industry for skilled workers in the electronics field. The collaborative effort includes Edmonds Community College, John Fluke Manufacturing Company, and the Technology Corridor. Completion of the \$2.2 million facility is slated for late 1986.

These and other developments have put Snohomish County into a leading role in high technology growth in the Puget Sound region.

### Forestry and Agriculture

Over one million acres or 75% of Snohomish County is forested. Of these, almost 700,000 acres are classified as commercial forest land.

In 1982, lumber production was 372 million board feet, comprising approximately 15.9% of all lumber production within western Washington. Douglas Fir, the Hem-Fir, and Western Red Cedar are the primary lumber products in the County.

Wood products processing remains an important industry in Everett and Snohomish County today. Among the City's major employers in this industry are Scott Paper Company with 1,200 employees and Weyerhaeuser Company with 400 employees. These two companies have helped to build Everett's reputation as one of the Northwest's leading pulp and paper production centers. Lumber processing and the production of finished wood products also contribute to the City's wood products industry.

The total value of agricultural production in Snohomish County in 1982 was estimated at \$77.7 million. Of this total, \$44.8 million can be attributed to dairy products. This earned Snohomish County a place as the second largest dairy-producing county in Washington, behind Whatcom County. Other major contributors to agricultural income are poultry, cattle, peas, and nursery and greenhouse products.

### Port of Everett

The Port of Everett, a major deep-water port on Puget Sound, provides another important element to the Everett economy. The Port complements industrial activities which have been significant historically and facilitates new development. The marine industry is forecasting major increases in the movement of international cargos through Puget Sound over the next five to ten years. To meet this demand, the Port of Everett has completed construction on the 80-acre Norton Terminal and has initiated design for a 100-acre Pacific Terminal. Norton Terminal, which became operational January 1, 1980, shall eventually provide for containerized cargo with its 80 acres and 1,100-foot dock. The Pacific Terminal will allow cooperative operations with Norton Terminal providing 160 acres of terminal area and 5,000 feet of berth space.

### U.S. Navy Home Port Impacts

A recent announcement by the U.S. Navy is anticipated to impact the economy of the City of Everett and Snohomish County. In April, 1984, the U.S. Navy announced its decision to develop a new home port for an aircraft-carrier battle group in Everett. The aircraft-carrier battle group consists of an aircraft carrier of the USS Nimitz class, 12 other ocean vessels, their crews and several small support craft. Estimated time frames and impacts include:

1986 - 1990: If permits are issued and money appropriated, the base would be built at the Port of Everett.

1988 - on: The Navy would begin basing the ships at the new home port as facilities became available. The full battle group will be present by 1990.

The Snohomish County employed labor force is estimated to increase by 30,700 workers between 1986 and 1993. 36.9% of the total increase will be Navy-related.

The Navy estimates by 1990 an approximately 700 full-time equivalent enrollment impact for Everett School District. 6,200 additional people are estimated to be living within the District.

The project would include \$300 million of naval facilities and preparation for 27,180 new residents, naval personnel, civilian employees and dependents. In addition to construction costs, personal consumption expenditures are estimated at \$311 million through 1992.

It is anticipated that the base, when operating, would require \$23-24 million annually in goods and services, \$53 million in housing expenditures for 8,620 new housing units and approximately 1.7 million square feet of retail and commercial space to satisfy the increased product demand.

The project and construction schedule are dependent on approval of federal budget requests and environmental permits. Congress approved over \$17 million in 1985 for land acquisition and the administration has requested an additional \$95.4 million in the 1987 Budget. However, budget cuts required by the Gramm-Rudman deficit reduction act could eliminate the project or force the Navy to stretch construction over more years. A Congressional Accounting Office report has suggested that room for the battle group could be found in existing Navy Bases.

### Other Factors

Among Everett's major employers are utilities. General Telephone employs 2,880 and is the City's second largest employer and Snohomish County Public Utility District employs 845. Health care is another major industry within Everett's services sector. Together, Providence Hospital and Everett General Hospital employ about 1,825 and have 450 beds. Government's two largest employers locally are Snohomish County with 1,200 employees and the City of Everett with 800 employees. Although not located within the Everett City limits, two additional large manufacturers in Snohomish County are important to the Everett area economy. ELDEC

Company, located at a 40-acre site in Lynnwood, employs 1,200 in the production of electronic sensing systems. Hewlett Packard built a new electronic machinery plant at a 133-acre Lake Stevens site in 1984. The plant currently employs 850 in the manufacture of computing and electronic measuring equipment. Following is a list of Everett School District's and the areas major employers.

Major Employers of  
Everett School District

<u>Name of Company</u>	<u>Industry</u>	<u>Number of Employees</u>
GTE of the Northwest	Communications	2,880
Everett School District	Education	1,398
Snohomish County	Government	1,200
Scott Paper	Paper	1,200
Providence Hospital	Health Care	925
Everett General Hospital	Health Care	900
Snohomish County P.U.D.	Public Utility	845
E. A. Nord Company	Sash and door plant	350

Source: Individual employers.

Major Employers in the Area  
(outside of the District Boundaries)

<u>Name of Company</u>	<u>Industry</u>	<u>Number of Employees</u>
The Boeing Company	Commercial Airplane Manufacturer (747/767 Plant)	8,800
John Fluke Manufacturing Co.	Electronic equipment	2,800
Hewlett-Packard	Computer	850

Source: Individual employers.

Economic indicators for Snohomish County are shown as follows:

Snohomish County Employment Data

	<u>Jan. 1986 Preliminary</u>	<u>Dec. 1985 Revised</u>	<u>Jan. 1985 Revised</u>
Civilian Labor Force	202,200	205,400	197,100
Employment	187,100	190,500	178,200
Unemployment	15,100	14,900	18,900
Rate of Unemployment	7.5%	7.3%	9.6%
State Unemployment Rate	8.8%	8.3%	10.4%

Source: Washington State Department of Employment Security.

Everett is the center of financial activity in Snohomish County with multiple branches of seven different commercial banks and five different savings and loan institutions.

Transportation is an important aspect of the Everett economy. In addition to the port activity, Everett is served by east-west and north-south rail service, including Burlington Northern for freight and Amtrak for

passenger service. Two interstate highways serve the area. I-5 going north-south is the main connection to Seattle and Tacoma and I-405 connects to Bellevue and other east-side communities. The major east-west road access is via U.S. Highway 2 and on Interstate Highway I-90 via I-405. Seven air fields within Snohomish County handle private and chartered aircraft. The nearest commercial airport is Sea-Tac, 55 miles south of Everett. Greyhound Bus Lines, Metro Transit based in Seattle, Everett Transit and Community Transit all provide bus transportation to Everett residents. In addition, two Washington State ferry docks are located in Snohomish County for commuters to the Olympic Peninsula.

Snohomish County Personal Income

	<u>Per Capita</u>	<u>Per Household</u>
1984	\$12,149	\$33,346
1983	11,742	32,323
1982	11,340	31,402
1981	10,934	30,285
1980	10,134	28,355
1979	9,405	26,915

Source: Puget Sound Council of Government

Snohomish County  
Taxable Retail Sales

<u>Year</u>	<u>County</u>
1985	\$3,114,247,939
1984	2,469,357,030
1983	2,166,970,819
1982	1,933,699,000
1981	1,696,951,000
1980	1,962,262,000

Source: Washington State Department of Revenue

Building Permit Data

City of Everett  
Building Permit Valuations

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986 (Through April 30th)</u>
Single Family	4,946,006	6,811,778	7,609,255	5,920,691
Multiple Family	1,956,000	4,302,216	12,590,154	9,037,968
Commercial	20,418,959	18,053,014	13,590,561	1,814,990

Source: City of Everett

City of Mill Creek  
Building Permit Valuation  
1985

	<u>1985</u>	<u>1986 (through April 30th)</u>
Single Family, Multiple Family, Commercial	12,391,374	4,029,410

Source: City of Mill Creek-Incorporated 1983

Snohomish County  
Building Permit Valuations

	<u>1983</u>	<u>1984</u>	<u>1985</u>
Value			
Single Family	\$84,233,619	\$76,093,932	\$100,371,711
Multi Family			
Units			
2-4	5,854,360	5,809,036	7,895,179
5+	3,619,000	9,353,954	30,543,037
Other	17,329,830	14,351,747	16,110,521
Commercial	23,123,729	30,044,082	43,843,018
	-----	-----	-----
Total Value	\$134,160,538	\$135,652,751	\$198,763,466

Source: Snohomish County Department of Planning & Community Development, Community Development Division.  
Includes permits issued by Snohomish County only.

Nonagricultural Wage and Salary Workers  
Employed in the Snohomish County Portion of  
The Seattle Primary Metropolitan Statistical Area

	Feb. 1986	Jan. 1986	Feb. 1985	Change Jan. '85- Feb. '86	Feb. '85- Feb. '86
TOTAL (1)	110,100	109,800	105,400	300	4,700
MANUFACTURING	30,000	29,900	28,600	100	1,400
Durable Goods	25,800	25,700	24,400	100	1,400
Lumber & wood products (excluding furniture)	2,900	3,000	2,900	100	1,400
Stone, clay & glass products	500	500	500	-0-	-0-
Machinery (excluding electrical)	1,600	1,600	2,800	-0-	-1,200
Electrical & Electronic	500	500	500	-0-	-0-
Transportation equipment	14,800	14,600	12,100	200	2,700
Aircraft	13,500	13,300	11,100	200	2,400
Other transportation	1,300	1,300	1,000	-0-	300
Instruments	4,000	3,900	4,200	100	-200
Other durable goods (2)	1,500	1,600	1,400	-100	100
Nondurable Goods	4,200	4,200	4,200	-0-	-0-
Food and kindred products	700	700	900	-0-	-200
Printing and publishing	1,400	1,400	1,300	-0-	100
Other nondurable goods (3)	2,100	2,100	2,000	-0-	100
NONMANUFACTURING	80,100	80,000	76,800	100	3,300
Mining & quarrying	200	200	200	-0-	-0-
Construction	6,100	6,000	5,700	100	400
Transportation, communication & utilities	5,800	5,800	5,300	-0-	500
Wholesale & retail trade	26,800	26,700	25,700	100	1,100
Finance, Insurance & Real Estate	3,900	3,900	3,600	-0-	300
Services	19,200	19,200	18,300	-0-	900
Government	18,100	18,200	18,000	-100	100
WORKERS IN LABOR-MANAGEMENT DISPUTES	0	0	0	0	0

(1) Excludes proprietors, self-employed, members of armed services, workers in private households and agriculture. Includes all full and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

(2) Includes furniture, primary metals, fabricated metals and miscellaneous manufacturing.

(3) Includes apparel, paper, chemical, petroleum products, leather, and rubber and plastics.

Source:

Miscellaneous: The execution and delivery of this Official Statement by the Superintendent has been duly authorized by the District.

Everett School District No. 2

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Rudy Johnson

# APPENDIX A

## COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS AUGUST 31, 1985

ASSETS	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Debt Service	Special Revenue	Expendable Trust	Nonexpendable Trust	Fixed Assets	General Term Debt	August 31, 1984	August 31, 1985
Investment Funds										
Cash on Hand	26,300.00	-0-	-0-	15,200.00	-0-	-0-	-0-	-0-	45,100.00	41,500.00
Cash With County Treasurer	3,150,199.63	87,669.41	2,415.01	48,088.77	-0-	-0-	-0-	-0-	21,384.16	16,409.64
Less Warrants Outstanding	(3,054,634.31)	(80,275.15)	-0-	5,103.49	-0-	-0-	-0-	-0-	2,305,751.72	3,288,372.82
Net Cash with County Treasurer	95,565.32	7,394.26	2,415.01	42,985.28	-0-	-0-	-0-	-0-	(2,484,458.45)	(3,140,012.95)
Cash With Fiscal Agent	-0-	-0-	362,107.50	-0-	-0-	-0-	-0-	-0-	641,253.75	146,359.87
Taxes Receivable	1,903,333.98	-0-	1,185,659.14	-0-	-0-	-0-	-0-	-0-	3,349,529.10	3,088,993.12
Due From Other Funds	11,946.89	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,470.80	11,946.89
Due From Other Governmental Units	322,661.88	36,500.00	-0-	-0-	-0-	-0-	-0-	-0-	318,148.24	352,161.58
Other Receivables	59,696.31	146,938.89	-0-	-0-	-0-	-0-	-0-	-0-	227,420.11	825,532.20
Inventory - Supplies & Materials	823,528.99	-0-	-0-	-0-	-0-	-0-	-0-	-0-	454,642.38	103,752.59
Inventory - Lumber	100,726.92	-0-	-0-	-0-	-0-	-0-	-0-	-0-	82,305.08	103,752.59
Inventory - USDA Commodities	120,384.45	-0-	-0-	-0-	-0-	-0-	-0-	-0-	75,207.60	120,384.45
Prepaid Expenses	232,652.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-	100,522.00	232,652.00
Investments	2,885,010.00	1,687,000.00	1,406,000.00	255,000.00	-0-	-0-	-0-	-0-	7,947,812.50	6,233,010.00
Self-Insurance Security Deposits	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Amount Available in Debt Service Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,900,000.00	1,401,764.01
Amount Available in Other Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,493.49	-0-
Amount to be Provided-Debt Redemption	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,614,253.88	15,614,253.88
Land	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,670,243.54	1,670,243.54
Buildings	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,498,960.62	1,498,960.62
Transportation Equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	49,630,083.47	50,207,047.91
Equipment & Machinery	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Construction in Progress	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,247,120.24	5,966,024.26
	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL ASSETS</b>	<b>6,581,806.74</b>	<b>1,877,833.15</b>	<b>2,956,181.65</b>	<b>313,185.28</b>	<b>16,409.64</b>	<b>-0-</b>	<b>57,843,315.71</b>	<b>17,016,017.89</b>	<b>87,654,068.94</b>	<b>86,604,750.06</b>
<b>LIABILITIES</b>										
Accounts Payable - Current	1,104,301.82	41,195.35	-0-	8,996.60	-0-	-0-	-0-	-0-	1,025,574.35	1,154,493.77
Contracts Payable - Current	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Rev. Ant. Notes Payable - Long-Term	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,493.49	-0-
Accrued Salaries	159,982.20	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Ant. Notes Payable - Current	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	137,382.58	159,992.20
Est. Vacation Leave Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Est. Sick Leave Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	98,633.10	126,619.68
Payroll Deduct. & Taxes Payable	11,725.26	-0-	-0-	-0-	-0-	-0-	-0-	-0-	79,003.73	169,398.21
Deferred Compensation Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,776.99	11,725.26
Est. Unempl. Benefits Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Est. Other Emp. Ins. Claims	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Est. Ind. Ins. Benefits Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Due to Other Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unearned Revenues & Deposits	-0-	11,946.89	-0-	-0-	-0-	-0-	-0-	-0-	5,470.80	11,946.89
Matured Bonds Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Bond Transfer Fees Payable	-0-	-0-	336,000.00	-0-	-0-	-0-	-0-	-0-	471,000.00	336,000.00
Matured Bond Interest Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Bonds Payable - Long-Term	-0-	-0-	32,758.50	-0-	-0-	-0-	-0-	-0-	181,923.50	32,758.50
Deferred Revenue - Receivables	39,596.57	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,900,000.00	16,720,000.00
Deferred Revenue - Taxes Receivables	1,903,333.98	-0-	-0-	-0-	-0-	-0-	-0-	-0-	24,706.21	39,596.57
	-0-	-0-	1,185,659.14	-0-	-0-	-0-	-0-	-0-	3,349,249.10	3,088,993.12
<b>TOTAL LIABILITIES</b>	<b>3,218,949.83</b>	<b>53,142.24</b>	<b>1,554,417.64</b>	<b>8,996.60</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>17,016,017.89</b>	<b>23,287,213.85</b>	<b>21,851,574.20</b>
<b>FUND EQUITY</b>										
Investments in General Fixed Assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	56,376,164.33	57,843,315.71
Reserve for Debt Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Reserve for Inventory	1,044,640.36	-0-	-0-	-0-	-0-	-0-	-0-	-0-	613,155.06	1,044,640.36
Reserve for Self-Insurance	774,744.08	-0-	-0-	-0-	-0-	-0-	-0-	-0-	778,544.77	774,744.08
Reserve for Other Items	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unreserved Fund Balance	1,543,467.47	1,024,690.91	1,401,764.01	304,188.68	16,409.64	-0-	-0-	-0-	6,598,990.93	5,090,520.71
	3,362,856.91	1,024,690.91	1,401,764.01	304,188.68	16,409.64	-0-	-0-	-0-	64,366,855.09	64,753,225.86
<b>TOTAL FUND EQUITY</b>	<b>6,581,806.74</b>	<b>1,877,833.15</b>	<b>2,956,181.65</b>	<b>313,185.28</b>	<b>16,409.64</b>	<b>-0-</b>	<b>57,843,315.71</b>	<b>17,016,017.89</b>	<b>87,654,068.94</b>	<b>86,604,750.06</b>

The notes to the financial statements are an integral part of the financial condition of the District. Due to space limitations they are not replicated here but may be obtained from the District or the Underwriter.

# APPENDIX A

## VERDETT SCHOOL DISTRICT NO. 2 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHARGES IN UNRESERVED FUND BALANCES ALL GOVERNMENTAL FIDUCIARY FUND TYPES FOR THE FISCAL YEAR ENDED AUGUST 31, 1985

	G o v e r n m e n t a l			F u n d s		Special Revenue	Fiduciary Funds		TOTALS (Memorandum Only)	
	General	Capital Projects	Debt Service	Debt Service	Expendable Trusts*		August 31, 1984	August 31, 1985		
REVENUES:										
Local Taxes	3,880,649.05	-0-	2,021,799.86	-0-	-0-	-0-	6,314,553.48	5,902,448.91		
County Administered Funds	19,886.01	-0-	-0-	-0-	-0-	-0-	21,101.22	19,886.01		
State Funds	31,730,809.74	36,500.00	-0-	55.38	-0-	-0-	29,360,446.95	31,767,365.13		
Federal Funds	1,682,975.99	-0-	-0-	-0-	-0-	-0-	1,485,333.90	1,687,365.99		
Local Nontax Funds	1,548,375.11	195,816.45	178,877.04	-0-	-0-	-0-	1,836,722.80	1,932,068.60		
Payments Other Districts	29,755.90	-0-	-0-	-0-	-0-	-0-	21,778.86	29,755.90		
Other Revenues	-0-	-0-	-0-	-0-	-0-	-0-	403,048.76	400,512.73		
<b>TOTAL REVENUES</b>	<b>38,892,451.80</b>	<b>232,316.45</b>	<b>2,200,732.29</b>	<b>394,687.73</b>	<b>5,825.00</b>	<b>39,452,988.07</b>	<b>41,736,013.27</b>			
EXPENDITURES:										
Current:										
Basic Education	17,319,869.31	-0-	-0-	-0-	-0-	-0-	16,026,541.35	17,319,869.31		
Head-Capped	2,818,746.75	-0-	-0-	-0-	-0-	-0-	2,231,875.96	2,818,746.75		
State Educational Programs	1,195,746.47	-0-	-0-	-0-	-0-	-0-	942,900.73	1,195,746.47		
Federal Programs	1,852,267.92	-0-	-0-	-0-	-0-	-0-	750,399.96	-0-		
Other Educational Programs	466,119.41	-0-	-0-	-0-	-0-	-0-	780,932.41	1,852,267.92		
Instructional Support	5,046,101.60	-0-	-0-	-0-	-0-	-0-	469,435.66	466,119.41		
General Support	7,095,334.88	-0-	-0-	-0-	-0-	-0-	4,700,546.91	5,046,101.60		
Food Services	1,141,855.18	-0-	-0-	-0-	-0-	-0-	6,667,673.54	7,095,334.88		
Pupil Transportation	1,949,626.75	-0-	-0-	-0-	-0-	-0-	1,091,797.41	1,141,855.18		
Student Activities	-0-	-0-	-0-	-0-	-0-	-0-	1,743,746.00	1,949,626.75		
Sales Lease	-0-	6,785.03	-0-	-0-	-0-	-0-	350,929.26	356,073.20		
Capital Outlay:							-0-	6,785.03		
Sites	-0-	281,721.05	-0-	-0-	-0-	-0-	-0-	281,721.05		
Site Improvements	-0-	12,000.64	-0-	-0-	-0-	-0-	89,153.91	12,000.64		
Buildings - New	-0-	162,449.44	-0-	-0-	-0-	-0-	13,249.80	162,449.44		
Buildings - Remodeling	-0-	67,739.69	-0-	-0-	-0-	-0-	236,102.22	67,739.69		
Equipment	-0-	-0-	-0-	-0-	-0-	-0-	96.57	30,836.37		
Energy Audits	-0-	30,836.37	-0-	-0-	-0-	-0-	-0-	36,500.00		
Capital Improvements	-0-	740,058.36	-0-	-0-	-0-	-0-	-0-	-0-		
Debt Service:										
Bonds Matured	-0-	-0-	1,180,000.00	-0-	-0-	-0-	1,170,000.00	1,180,000.00		
Bond Interest	-0-	-0-	1,058,950.00	-0-	-0-	-0-	1,129,572.50	1,058,950.00		
Other	-0-	-0-	-0-	-0-	-0-	-0-	10,240.68	-0-		
<b>TOTAL EXPENDITURES</b>	<b>39,625,726.63</b>	<b>598,032.22</b>	<b>2,239,950.00</b>	<b>345,273.68</b>	<b>10,799.52</b>	<b>39,159,927.53</b>	<b>42,818,782.05</b>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	( 733,274.83)	( 365,715.77)	( 38,217.71)	49,414.05	( 4,974.52)	293,060.54	( 1,092,768.78)			
Other Financing Sources & Uses:										
Debt Financing	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Fixed Assets	11,088.48	1,305.00	-0-	-0-	-0-	-0-	1,726.01	12,393.48		
Operating Transfers In	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Operating Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Sale of Real Property	-0-	-0-	-0-	-0-	-0-	-0-	596,253.11	-0-		
<b>TOTAL OTHER FIN. SOURCES &amp; USES</b>	<b>11,088.48</b>	<b>1,305.00</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>597,979.12</b>	<b>12,393.48</b>			
Excess (Deficiency) Rev & Other Fin. Sources Over Exp. & Other	( 722,186.35)	( 364,410.77)	( 38,217.71)	49,414.05	( 4,974.52)	891,039.66	( 1,080,375.30)			
Financing Uses										
UNRESERVED FUND BALANCES SEPTEMBER 1, 1984	2,685,888.46	2,196,961.96	1,439,981.72	254,774.63	21,384.16	6,680,792.70	6,598,990.93			
(Increase) Decrease Inventory Reserve (Net)	( 427,689.61)	-0-	-0-	-0-	-0-	( 970,292.01)	( 427,689.61)			
Other (Increase) Decrease	7,454.97	( 7,860.28)	-0-	-0-	-0-	( 2,549.42)	( 405.31)			
UNRESERVED FUND BALANCES AUGUST 31, 1985	1,543,467.47	1,824,690.91	1,401,764.01	304,188.68	16,409.64	6,598,990.93	5,090,520.71			

The notes to the financial statements are an integral part of the financial condition of the District. Due to space limitations they are not replicated here but may be obtained from the District or the Underwriter.

\_\_\_\_\_, 1986

Everett School District No. 2  
Snohomish County, Washington

Dain Bosworth Incorporated  
Seattle, Washington

Ladies and Gentlemen:

This is our opinion as bond counsel in connection with the issuance by Everett School District No. 2, Snohomish County, Washington (the "District") of the bonds described below (the "Bonds"):

\$37,950,000  
Everett School District No. 2  
Snohomish County, Washington  
Unlimited Tax General Obligation Bonds, 1986  
dated June 1, 1986  
First Interest Payment Due June 1, 1987  
[Principal Payments Due June 1 and December 1, 198\_\_  
through \_\_\_\_\_ 1, 20\_\_]

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. We also have examined an executed Bond or such other specimens and proofs as we have deemed necessary to determine that such Bonds meet all legal requirements as to form and execution.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without making an independent investigation to verify such facts.

We have not been engaged to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on our examination, it is our opinion that:

1. The Bonds are lawfully authorized and issued.
2. The Bonds are valid and binding general obligations of the District.

Everett School District No. 2  
Dain Bosworth Incorporated  
\_\_\_\_\_, 1986  
Page 2

3. All taxable property in the District is subject to the levy of unlimited ad valorem taxes to pay the principal of and interest on the Bonds.

4. Interest on the Bonds is exempt from federal income tax under present laws, regulations, decisions and interpretations.

It is to be understood that the rights of the Registered Owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

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