

# **Comprehensive Annual Financial Report**

**City of Lynnwood, Washington**



**For the Fiscal Year Ended  
December 31, 2014**

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# **CITY OF LYNNWOOD, WASHINGTON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended

December 31, 2014

Prepared by:

Administrative Services Department  
Sonja Springer, C.P.A.  
Finance Director

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# Introductory Section





## ELECTED OFFICIALS



**MAYOR**  
**Nicola Smith**  
*Term Expires 2017*

## CITY COUNCIL



Loren Simonds  
Council President  
Position 4—*Term Expires 2015*



Sid Roberts  
Council Vice-President  
Position 6—*Term Expires 2015*



M. Christopher Boyer  
Position 1—*Term Expires 2017*



Ian Cotton  
Position 2—*Term Expires 2017*



Ruth Ross  
Position 3—*Term Expires 2017*



Benjamin Goodwin  
Position 5—*Term Expires 2015*



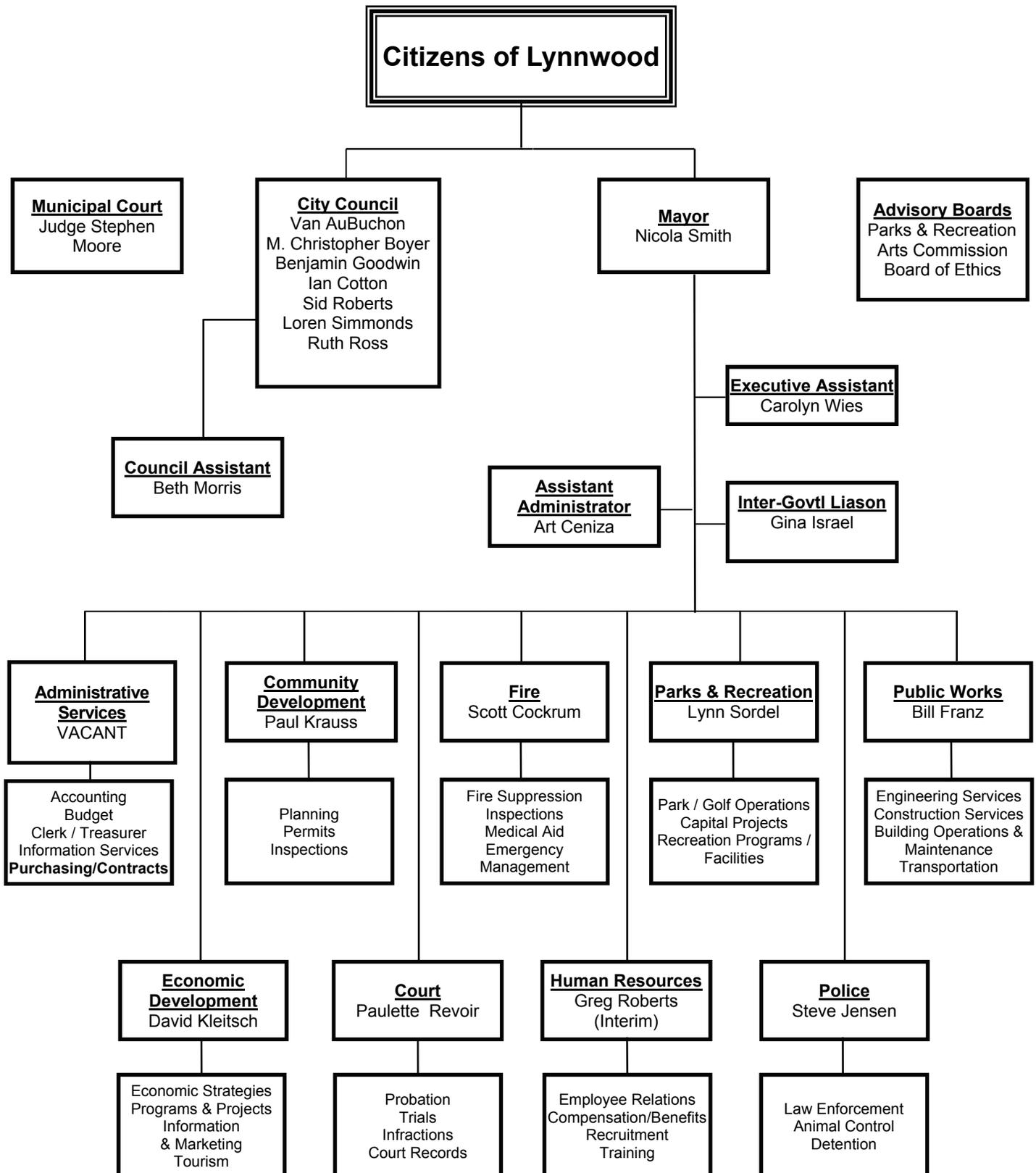
Van Aubuchon  
Position 7—*Term Expires 2015*

## EXECUTIVE STAFF & LEGAL COUNSEL

Assistant City Administrator  
Finance & Information Services Director  
Police Chief  
Fire Chief  
Public Works Director  
Community Development Director  
Parks and Recreation Director  
Human Resources Director—Interim  
Economic Development Director  
Court Administrator  
City Attorney

Art Ceniza  
Vacant  
Steve Jensen  
Scott Cockrum  
William Franz  
Paul Krauss  
Lynn Sordel  
Greg Roberts  
David Kleitsch  
Paulette Revoir  
Inslee, Best, Doezie & Ryder, P.S.

# CITY ADMINISTRATION ORGANIZATIONAL CHART



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September 28, 2015

Honorable Mayor Nicola Smith,  
Lynnwood City Council, and  
Citizens of the City of Lynnwood

I am pleased to transmit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2014. The accompanying CAFR confirms that the City of Lynnwood's financial standing is strong and that our fiduciary oversight is diligent.

State Law (RCW 43.09.230) requires that Washington's local governments prepare and publish a CAFR for each preceding fiscal year. These financial statements are developed according to the Generally Accepted Accounting Principles (GAAP) as set forth by the Government Accounting Standards Board (GASB), and under the audit authority of the Washington State Auditor's Office (SAO). The enclosed CAFR Statements include all Governmental, Proprietary and Fiduciary funds. In addition, the Financial Statements include reports the Lynnwood Public Facilities District (PFD), the City's discrete component unit, and the City of Lynnwood Transportation Benefit District (TBD), the City's blended component unit.

While undertaking Lynnwood's fiscal responsibilities, rigorous standards, procedures, and controls used to protect and account for municipal assets and liabilities. The City employs internal controls to protect publicly-owned assets from loss, theft, or misuse -- and to prepare the City's financial statements in full conformity with GAAP.

GAAP requires that the CAFR include a narrative introduction, general overview, and detailed analysis in the form of *Management's Discussion and Analysis* (MD&A). This transmittal letter is intended to complement and supplement the MD&A.

In 2014, in recognition of Lynnwood's financial management, Standard & Poor's Rating Services upgraded the City's bond rating for General Obligation Bonds from "A+" to "AA+". Similarly, the Lynnwood PFD also enjoys a "AA+" bond rating. Standard & Poor's (S&P) is a leading provider of financial market intelligence and the world's foremost source of credit ratings, indices, investment research, and risk evaluation. S&P recognizes Lynnwood's robust retail and small business based economy, positive budget performance, strong liquidity (cash) position, favorable debt profile, and the City's prudent leadership and arduous financial management practices.

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## GOVERNMENT PROFILE

On April 23, 1959, Lynnwood incorporated as a non-charter, optional code city with a Mayor-Council form of government. Lynnwood benefits from its enviable geographic location in Snohomish County-- just 10 miles north of Seattle and 9 miles south of Everett. Lynnwood's setting at the junction of I-5, I-405 and SR 525 made it the ideal location for the Alderwood Mall and the many retail and professional service businesses nearby. A suburban community at the time of incorporation, Lynnwood is becoming a Regional Growth Center--as called for by the Puget Sound Regional Council's Vision 2040. Regional Growth Centers have or will have high-density residential and employment density served by regionally-significant infrastructure—including the Lynnwood Link segment of Sound Transit's light rail system (commencing service 2023). Lynnwood's residential population of 36,420 increases to nearly 85,000 each day. The City encompasses 7.86 square miles, and is expected to grow through annexation of adjacent unincorporated areas to the north and east.

The Mayor and City Council are elected at-large for staggered four-year terms. The City Council is responsible for establishing the general direction and policies for the City and for the allocation of resources via an adopted budget. As the chief executive officer, the Mayor is responsible for carrying out the policies and direction set by the City Council. This includes the administration of laws and ordinances, the execution of contracts and agreements, and the delivery of municipal services. The City provides a full range of local government services including public safety; planning and zoning; parks and recreation; street construction and maintenance, water, wastewater and storm utilities. The City also operates a municipal court and jail.

The City Council adopts a biennial budget each even-numbered year for the subsequent two years. The budget serves as the foundation for the City of Lynnwood's financial planning and control and provides information by fund, department and function. One or more times during the biennium, budget adjustments are brought forward to the City Council.

## LOCAL ECONOMY

Relative to other Washington counties, Snohomish County has experienced high growth rates during the past two decades. The State Office of Financial Management (OFM) projects an additional 300,000 Snohomish County residents by the year 2025. Lynnwood's designation as the Regional Growth Center lead to ambitious population and employment growth targets for Lynnwood, as set for by the Snohomish County Countywide Planning Policies.

Meanwhile, Washington State's economy continues to outperform the national economy. Washington State Economic and Revenue Forecast Council expects Washington's economy to continue to grow. Lynnwood's strong economic position is evidenced by recent media praise:

Loved by residents, attractive to newcomers, strong economy, recreational opportunities make Lynnwood a popular place to call home. *The Herald of Everett*, April 4, 2015, p. B1.

Lynnwood Loves its Recreation Center! *World Water Park Magazine*, May 2015, pp. 52-56.

As a regional employment center and a retail shopping destination, Lynnwood is recognized as key catalyst for the economic health of Snohomish County. In 2014, the City issued more than 4,300 business licenses. Value-added new construction during 2014 exceeded \$57 million, and is projected to exceed \$70 million during 2015. Local businesses employ more than 18,500 people here.

The City has one of the lowest property tax levy rates in the Puget Sound region. For 2014, the rate was \$2.57 per \$1,000 of assessed valuation [which includes \$0.50 for Emergency Medical Service (EMS)].

Alderwood Mall is located in the heart of the City and is the third-largest shopping center in the Puget Sound area, offering extensive shopping, restaurant, and entertainment experiences. This retail center is anchored by four national department stores (Nordstrom's, JC Penny, Macy's and Sears), an AMC Loews Theater, and the Alderwood Village lifestyle center. Alderwood Mall continues to foster new investment in its environs. Stores within walking distance of Alderwood Mall include: Target, Kohl's, Total Wine, Toys R Us, Marshalls, TJ Max, Ross, Nordstrom Rack, Best Buy, Video Only, Whole Foods, Barnes & Noble, Babies R Us, and a new Costco (Opening October 2015).

To the west of Alderwood Mall, Highway 99 is an important transportation and commercial corridor serving Lynnwood and the region. Community Transit's Swift Rapid Bus Service travels along Highway 99. Lynnwood's segment of Highway 99 is experiencing new investment and redevelopment—as evidenced by the Lynnwood Crossroads retail center (anchored by LA Fitness). Lynnwood's automobile dealerships (along Highway 99 and elsewhere) include: Ford, Toyota, Lexus, Mazda, Infinity, Mercedes, Acura, Jaguar/Land Rover, and Volvo. A regional CarMax dealership is planned at Highway 99 and 212<sup>th</sup> Street SW. Automobile sales and service are a strong presence on Highway 99, but the City has zoned other properties along the corridor for mid-rise, mixed-use development. As described further below, Edmonds Community College (EdCC) enjoys convenient access from Highway 99.

With an inventory of more than 1,000 name-brand rooms, Lynnwood's lodging industry serves both Snohomish County and King County. In 2014, Lynnwood received a lodging tax distribution of \$709,627, an 11-percent increase over 2013. Visitors to Lynnwood contribute to the local economy, generating economic activity, employment and general tax revenues.

The City's Economic Development Action Plan identifies goals and strategies for continued growth as Lynnwood transitions from a suburban-scale community to a dense, urban center. In particular, Lynnwood's City Center will become a regional node

for population and employment growth, with excellent transportation access via I-5, light-rail transit, bus rapid transit, and a comprehensive arterial street system.

The Lynnwood Public Facilities District (PFD) owns and operates the Lynnwood Convention Center. The City provides a guarantee for the PFD's bonded debt for the Convention Center. Now celebrating its 10<sup>th</sup> year of service, the Convention Center has an earned reputation for excellence.

In Lynnwood and several nearby communities, public K-12 education is provided by the Edmonds School District. With nearly 12,000 student enrollments per quarter, Edmonds Community College (located in Lynnwood) offers associate degrees and certificate programs in a variety of disciplines. Four-year degrees are also offered through the CWU University Center located there. Public library services are provided by the Sno-Isle Regional Library District.

## **LONG TERM FINANCIAL PLANNING AND GUIDING FINANCIAL POLICIES**

Stewardship of public resources is one of the most-critical responsibilities borne by elected officials and administrative staff. The City of Lynnwood follows local statutes and adopted policies--in addition to the myriad of State and Federal requirements—to ensure that our fiduciary practices are sound, prudent and transparent.

The City maintains a long-term Capital Facilities Plan (CFP) in accordance with the State Growth Management Act. This CFP guides decision-making regarding the prioritization and funding of infrastructure projects, which are itemized in the City's Strategic Investment Plan (SIP), which is adopted as part of the biennial budget. Together, these Plans allow the City to accurately forecast capital needs consistent with the Community Vision and the 20-year Comprehensive Plan.

The City Council, and its Finance Committee, regularly review financial policies, budget performance, and long-term financial forecasts. This oversight allows the Council to consider budget activity relative to historical performance, forecasts, and adopted policies.

## **MAJOR INITIATIVES**

Lynnwood is currently deploying an integrated financial software system (Munis) in order to enhance the City's ability to manage its finances, complete its reporting requirements, and improve efficiency in all business areas.

In December 2014, the City Council restored certain utility taxes and business license fees that had been discontinued by Council action in 2013. The changes reinstated the six percent utility tax rate for water, sewer, and storm utilities, and reversed changes to the methodology for calculating business license fees.

Lynnwood continues to invest in capital facilities needed to provide services to our community. Investments in general government capital facilities amounted to over \$5.1 million in 2014. Projects completed in 2014 ranged from the completion of the

recreation center remodel to better serve the community to roadway construction and significant park improvements. Investments in capital assets of the City's utilities amounted to \$1.6 million in 2014.

Lynnwood Place, located across from the Alderwood Mall, is being constructed in two phases: 1) a Costco Wholesale store; and 2) four, six-story, mixed-used buildings with structured parking. As mentioned above, the Costco store will open during October 2015. A timeframe for Phase 2 is currently not available.

Sound Transit's Lynnwood Link light rail service from Seattle and the City of Lynnwood are working closely towards the final design of the station and associated facilities. The station is anticipated to serve 20,000 riders per day.

The Lynnwood City Center, a long-term re-development strategy, is located within the boundary of the in Lynnwood Regional Growth Center. The City Center Subarea Plan envisions 9.1 million square feet of mixed-used development, nearly tripling its current square footage. Three new mid-rise developments that represent the birth of the City Center are or will be under construction imminently.

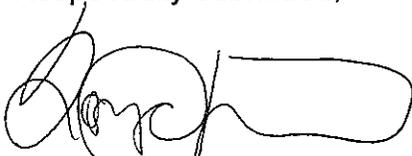
## **ACKNOWLEDGEMENTS**

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedicated effort of Administrative Services staff. I appreciate the many contributions from Sherri Gordon, Frances Harrigan, Kim Koronko, Marilou Moore, Lyanne Scott, Dean Rohla, Cyndie Eddy, and Julie Stanhope—as well as the many personnel from other departments who assisted in its preparation.

Thank you to our department directors for embracing and realizing Our Community Vision, and their tireless delivery of community services. I also extend my thanks to the Washington State Auditor's Office for their professionalism and guidance in conducting the audit of the City's basic financial statements and note disclosures.

Credit also must be given to the Mayor and City Council for their continued commitment, leadership, involvement, and support for maintaining the highest standards of governance in the management of Lynnwood's finances.

Respectfully submitted,



Sonja E. Springer, C.P.A.  
Finance Director

# Financial Section



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# Washington State Auditor's Office

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 28, 2015

Mayor and City Council  
City of Lynnwood  
Lynnwood, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matter of Emphasis – Correction of Prior Year Misstatement**

As discussed in Note 13, to the financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

## **Matters of Emphasis**

As described in Note 14, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board *Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 25, pension trust fund information on pages 101 through 103, and information on postemployment benefits other than pensions on page 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 107 through 168 is presented for purposes

of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated September 28, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J".

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

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## *Management's Discussion and Analysis*

City of Lynnwood management offers this narrative overview and analysis of the financial activities of the City of Lynnwood for the fiscal year ended December 31, 2014.

### **Financial Highlights**

- The assets of the City of Lynnwood exceeded its liabilities and deferred inflows at fiscal year-end by \$197,618,722 (net position); an increase of \$8.7 million or 4.6% over 2013. Of this amount, unrestricted net assets total \$35,044,661 and may be used to meet the city's ongoing obligations to citizens and creditors. Restricted net assets total \$15,233,944 and are earmarked for debt service, capital projects and special revenue funds.
- At December 31, 2014, the City's governmental funds reported combined ending fund balances of \$29,653,589, a decrease of \$1.2 million over 2013. Taxes received exceeded the final budget, fines and forfeitures were below budget due to a one time reduction adjustment for Municipal Court receivables. The City's Recreation Center continues to outperform budget, and expenditure levels grew minimally.
- At the end of the 2014 fiscal year, unassigned fund balance for the general fund was \$8,011,813 or 17.5% of total general fund revenues and 16.6% of expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Lynnwood's basic financial statements. The City of Lynnwood's 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 intended to furnish additional detail to support the basic financial statements themselves.

### **Government-wide Financial Statements**

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

The *Statement of Net Position* presents financial information on all the City of Lynnwood's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lynnwood is improving or deteriorating.

The *Statement of Activities* presents information showing how the City of Lynnwood's net position changed during the most recent fiscal year. All changes in the net position 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 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 the government-wide financial statements distinguish functions of the City of Lynnwood 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 Lynnwood include general government, public safety, highways and streets, economic development, physical environment, and culture and recreation. The business-type activities of the City include the water, sewer, and storm drainage utility, and a golf course.

The City of Lynnwood's (primary government) government-wide financial statements currently include a legally separate entity known as the Lynnwood Public Facilities District (PFD). The City has a degree of

financial accountability for the PFD and discretely reports the component unit separately within the City's financial statements.

On July 12, 2010 the City of Lynnwood's City Council chartered the "Lynnwood Transportation Benefit District" (TBD) within the City's jurisdiction for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the District. The TBD is a separate legal entity governed by a Board of Directors consisting of the seven members of the Lynnwood City Council. The TBD Board authorized a \$20 per vehicle annual license fee within the District. The fee went into effect June 1, 2011. Whereas the PFD is reported as a "discrete" component unit the TBD is reported as a "blended" component unit within the City's special revenue funds.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lynnwood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lynnwood can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **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 statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances 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*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, LID 93-1 Fund and capital projects fund for 33<sup>rd</sup> Ave West Extension are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Lynnwood adopts its budget on a biennial basis. The 2014 fiscal year is the second year of the two year budget 2013-2014. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

### **Proprietary Funds**

The City of Lynnwood 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 of Lynnwood uses enterprise funds to account for its Water, Sewer, and Storm Drainage Utility and the Golf Course. *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 its fleet of vehicles, central stores, self-insurance program, and for its retirement contributions.

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Storm Drainage Utility and the Golf Course as all of which are considered to be major funds of the City of Lynnwood. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are not available to support the City of Lynnwood's own programs.

The City of Lynnwood maintains two types of fiduciary funds. The *Firefighters' Pension Fund* accounts for the Firefighters' Pension System, which is a single-employer closed pension plan. Membership is limited to firefighters employed by the City prior to March 1, 1970. The *Agency and Trust Funds* report resources held by the City of Lynnwood in a custodial capacity for individuals, private organizations and other governments.

### **Notes to the Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Lynnwood's progress in funding its obligation to provide pension and OPEB benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB.

### **Government-wide Overall Financial Analysis**

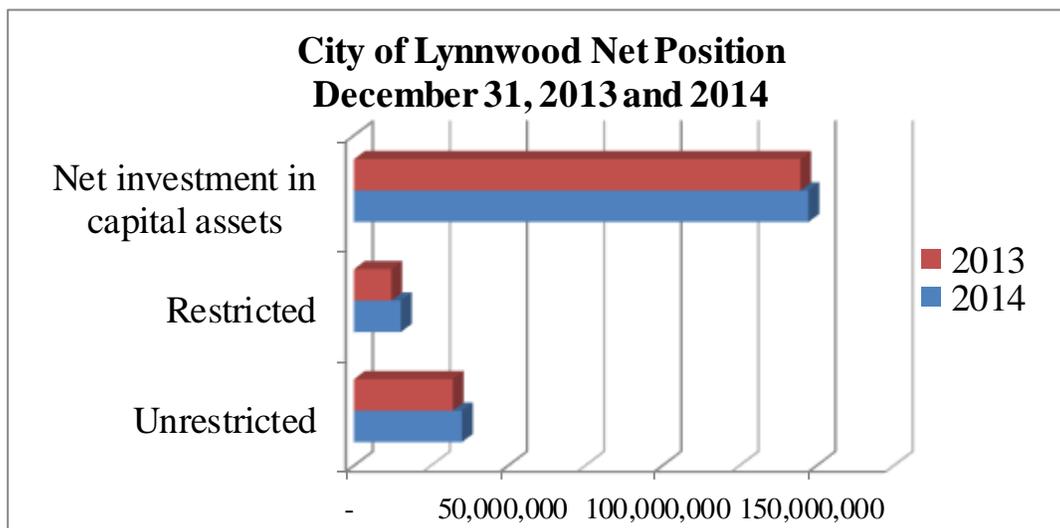
As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Lynnwood, assets exceeded liabilities by \$197,618,722 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 45,744,279	\$ 41,916,900	\$ 17,561,675	\$ 18,401,376	\$ 63,305,954	\$ 60,318,276
Capital assets	135,717,634	132,479,636	51,140,426	52,058,876	186,858,060	184,538,512
Total Assets	181,461,913	174,396,536	68,702,101	70,460,252	250,164,014	244,856,788
Non-current liabilities outstanding	34,963,244	36,123,058	12,298,351	12,930,461	47,261,595	49,053,519
Other liabilities	3,606,612	3,921,176	1,677,085	2,905,377	5,283,697	6,826,553
Total Liabilities	38,569,856	40,044,234	13,975,436	15,835,838	52,545,292	55,880,072
Total deferred inflows of resources	-	38,579	-	-	-	38,579
Net position:						
Net investment in capital assets	108,229,455	105,272,605	39,110,662	39,476,895	147,340,117	144,749,500
Restricted	12,090,347	9,355,099	3,143,597	2,759,634	15,233,944	12,114,733
Unrestricted	22,572,255	19,686,019	12,472,406	12,387,885	35,044,661	32,073,904
Total Net Position	\$ 142,892,057	\$ 134,313,723	\$ 54,726,665	\$ 54,624,414	\$ 197,618,722	\$ 188,938,137

**City of Lynnwood’s Net Position**

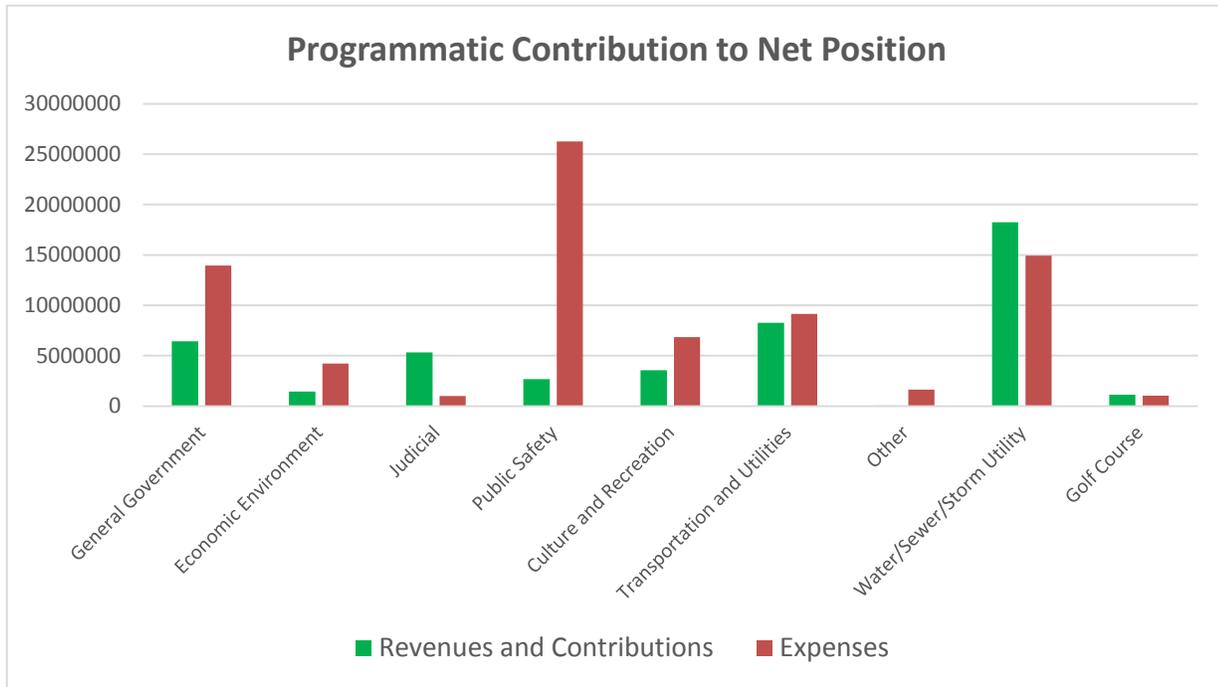
The City’s overall net position increased \$8.7 million (4.6%) from the prior fiscal year. By far, the largest portion of the City’s net position (\$147,340,117; 74.6%) reflects investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City of Lynnwood’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (\$15,233,944 or 7.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$35,044,661 or 17.7%) is unrestricted and may be used to meet the City’s ongoing obligations to its citizens and creditors.



**Programmatic Contribution to Net Position**

The bar chart below illustrates the contribution that various city functions make to net position from its operations before taxes. If expenses exceed revenues and contributions the function requires a subsidy from tax revenues (not shown) to support its operations. If revenues and contributions exceed expenses then the function adds to city assets. However, it should be noted that if the contribution made to the function is in the form of capital, the function may still require tax support for its operations. The illustration makes it clear that some activities of the city require a significant amount of support through taxes while others are more self-supporting.



Public safety (which includes the police and fire) is particularly dependent on tax support. The utilities (water, sewer, and storm drainage) are completely self-supporting through user fees.

The transportation program shows a substantial amount of revenues and contributions. This is due primarily to several capital grants the city has received. These grants add the value of these capital facilities to the City assets in the form of investments in the City’s transportation system, including roadways, sidewalks, and traffic signals.

**Changes in Net Position**

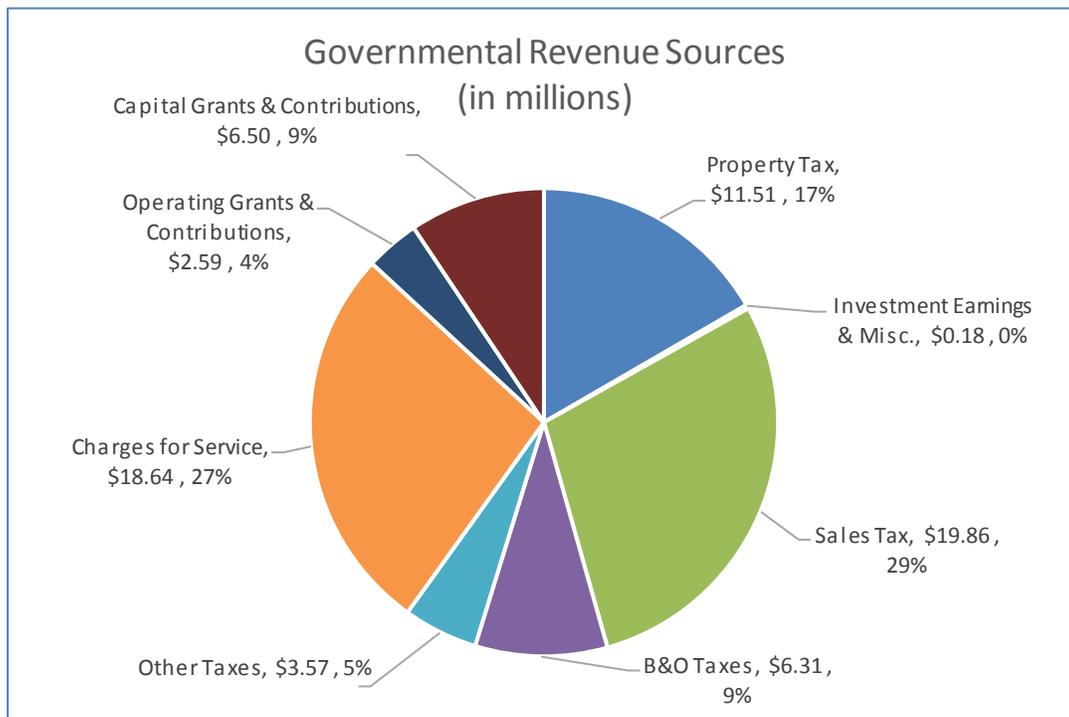
During the current fiscal year, net position for governmental activities increased \$8.1 million (6.0%).

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charge for Service	\$ 18,637,738	\$ 19,538,627	\$ 18,354,807	\$ 17,207,794	\$ 36,992,545	\$ 36,746,421
Operating Grants & Contributions	2,587,992	1,495,360	170,000	-	2,757,992	1,495,360
Capital Grants & Contributions	6,495,186	4,947,471	822,722	225,094	7,317,908	5,172,565
General Revenues						
Property Taxes	11,510,488	11,515,054	-	-	11,510,488	11,515,054
Sales Taxes	19,856,302	19,070,344	-	-	19,856,302	19,070,344
Other Taxes	9,878,436	10,574,669	-	-	9,878,436	10,574,669
Other Revenues	181,488	208,560	62,593	260,696	244,081	469,256
<b>Total Revenues</b>	<b>69,147,630</b>	<b>67,350,085</b>	<b>19,410,122</b>	<b>17,693,584</b>	<b>88,557,752</b>	<b>85,043,669</b>
<b>Expenses</b>						
General Government	13,937,566	12,126,355	-	-	13,937,566	12,126,355
Economic Environment	4,230,397	2,779,605	-	-	4,230,397	2,779,605
Judicial	997,957	1,567,467	-	-	997,957	1,567,467
Natural Environment	110,007	153,292	-	-	110,007	153,292
Culture & Recreation	6,832,934	8,249,955	-	-	6,832,934	8,249,955
Public Safety	26,272,183	26,683,617	-	-	26,272,183	26,683,617
Social Services	417,515	408,259	-	-	417,515	408,259
Transportation	8,843,355	7,361,539	-	-	8,843,355	7,361,539
Utilities	294,984	32,753	-	-	294,984	32,753
Physical Environment	-	-	-	-	-	-
Interest on Long-term Debt	1,110,496	1,118,728	500,194	-	1,610,690	1,118,728
Disposition of Capital Assets	(246,692)	23,122	(475)	3,668	(247,167)	26,790
Water/Sewer/Storm Utility	-	-	14,416,735	14,297,527	14,416,735	14,297,527
Golf Course	-	-	1,018,535	977,155	1,018,535	977,155
<b>Total Expenses</b>	<b>62,800,702</b>	<b>60,504,692</b>	<b>15,934,989</b>	<b>15,278,350</b>	<b>78,735,691</b>	<b>75,783,042</b>
Increase (Decrease) in Net Position Before Transfers	6,346,928	6,845,393	3,475,133	2,415,234	9,822,061	9,260,627
Transfers	1,737,442	1,827,548	(1,737,442)	(1,827,548)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>8,084,370</b>	<b>8,672,941</b>	<b>1,737,691</b>	<b>587,686</b>	<b>9,822,061</b>	<b>9,260,627</b>
Net Position - beginning	134,313,723	124,043,573	54,624,414	54,167,071	188,938,137	178,210,644
Prior Period Adjustments	493,964	1,597,209	(1,635,440)	(130,343)	(1,141,476)	1,466,866
Net Position - beginning - <i>Adjusted</i>	134,807,687	125,640,782	52,988,974	54,036,728	187,796,661	179,677,510
<b>Net Position - ending</b>	<b>\$ 142,892,057</b>	<b>\$ 134,313,723</b>	<b>\$ 54,726,665</b>	<b>\$ 54,624,414</b>	<b>\$ 197,618,722</b>	<b>\$ 188,938,137</b>

- Local sales tax revenues increased by nearly \$786 thousand, or 4.1% compared to fiscal 2013.
- Property tax revenues collected were \$11.5 million; a decrease of \$5 thousand over collections in 2013.
- In 2014, the City received \$262,724 in mitigation payments, an increase of \$2,800 (1.1%) from 2013. This revenue stream continues to be well below the original estimate prepared by the State Department of Revenue (DOR) in 2007. The State of Washington enacted a financial assistance program effective July 1, 2008. The program is designed to mitigate the impact of the new sales tax system. The mitigation payments were intended to offset the loss incurred by local governments from destination-based sales (sale transactions that are delivered outside of point-of-sale jurisdictions).

**Revenues by Source – Governmental Activities**

The following pie chart shows revenues by source for all governmental activities, including capital grants and debt service. Sales taxes represent 27% of total governmental revenues. Most capital and operating grants are for transportation purposes.



Governmental expenditures increased \$2.6 million or 4.2% from the prior year.

Function/Programs	2014 Expenditures	2013 Expenditures	\$ Increase/ (Decrease)	% Increase/ (Decrease)
General Government	\$ 13,937,566	\$ 12,126,355	\$ 1,811,211	14.9%
Judicial	997,957	1,567,467	(569,510)	-36.3%
Public Safety	26,272,183	26,683,617	(411,434)	-1.5%
Utilities	294,984	32,753	262,231	0.0%
Transportation	8,843,355	7,361,539	1,481,816	20.1%
Natural Environment	110,007	153,292	(43,285)	0.0%
Economic Environment	4,230,397	2,779,605	1,450,792	52.2%
Social Services	417,515	408,259	9,256	0.0%
Culture & Recreation	6,832,934	8,249,955	(1,417,021)	-17.2%
Interest on Debt	1,110,496	1,118,728	(8,232)	-0.7%
	<u>\$ 63,047,394</u>	<u>\$ 60,481,570</u>	<u>\$ 2,565,824</u>	<u>4.2%</u>

### Business-type activities

The Water/Sewer/Storm Utility increased the City of Lynnwood's net position by \$676,234.

- Charges for Services revenue increased by \$1.1 million (6.9%) from \$16.1 million to \$17.2 million.
- Total operating expenses increased from \$14.3 million to \$14.9 million (4.3%).

The Golf Course increased the City of Lynnwood's net position by \$95,176. In 2014 the City contracted with Premier Golf to operate the Golf Course. As a result, operating income increased by \$8,777.

- Total operating revenue for the Golf Course increased by \$27,579 (2.5%).
- Total operating expenses related to the City's golf course increased by \$18,802 (1.9%).

### Financial Analysis of the City's Funds

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

### Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the city's net resources available for discretionary spending at the end of a fiscal year.

At December 31, 2014, the City's General Fund reported an ending fund balance of \$17,902,317, a decrease of \$3,250,383 over 2013. This decrease is attributable to the reclassification of Municipal Court receivables that are over 60 days overdue totaling \$3,602,805 from a current receivable to a deferred inflow of resources, as required by GASB 65. The 33<sup>rd</sup> Ave West Extension is a new Major Fund for the City in 2014; it ended the year with a \$227,596 ending fund balance.

## General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year there was no need for any significant amendments to either the original estimated revenues or original budgeted appropriations.

**Final budget compared to actual results.** The City of Lynnwood budgets on a biennial basis. The City’s “Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual” is presented as a one year budget for comparison purposes to make it more meaningful to the reader. The most significant differences between estimated revenues and actual revenues were as follows:

- Sales tax revenues exceeded budget by \$2.5 million.
- Fines and forfeitures revenues came in \$1.7 million under budget due to the reclassification of court receivables over 60 days overdue from a current receivable to a deferred inflow of resources. The reclassification totaled \$3,602,805 and will be adjusted each year. In 2014 this was a large one time reduction of revenue to recognize a long term receivable.
- Total expenditures were \$4.5 million under budget.
- Public safety expenditures were \$1.7 million under budget.

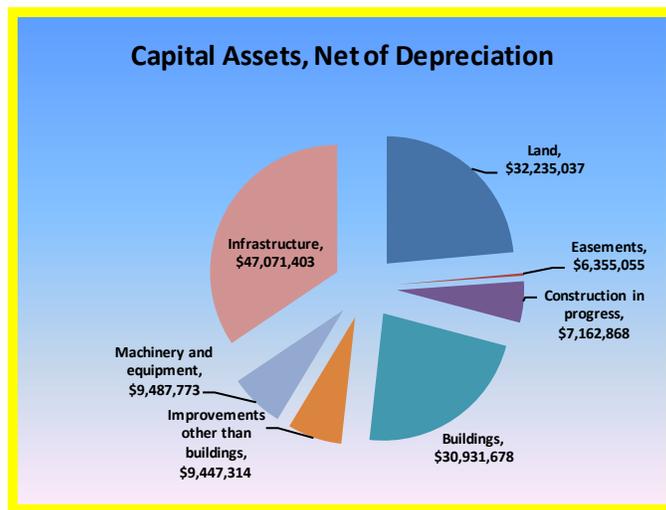
Additional information is provided in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual.

## Capital Assets and Debt Administration

### Capital Assets

The City of Lynnwood’s investment in capital assets for its governmental and business-type activities (not including investment in joint venture) as of December 31, 2014, amounts to \$186.9 million (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, both of which are not subject to depreciation. The other capital assets, buildings and systems, improvements other than buildings and systems, machinery and equipment, and infrastructure are subject to depreciation.

Governmental type capital assets (net of depreciation) totaled \$135.7 million in 2014, an increase of \$3.2 million from 2013. Business-type assets (net of depreciation) totaled \$51.1 million, a decrease of \$918 thousand from 2013. More information on the City’s Capital Assets can be found in Note 5 – Capital Assets, in the Notes to the Financial Statements.



Major capital asset events during the current fiscal year included the following:

- 33<sup>rd</sup> Ave Street donation of land total of \$2.5 million;
- Various wastewater treatment plant equipment were placed in service at a total cost of \$780 thousand;
- Purchase of various vehicles and equipment at a total cost of \$715 thousand.
- Completion of the North Segment of the Interurban Trail at a total cost of \$1,770,544
- Completion of Traffic Signal at 196<sup>th</sup> Street SW and Scriber Lake at a total cost of \$491,494

### **Long-Term Debt**

At the end of 2014, the City of Lynnwood had total bonded debt outstanding of \$39.4 million. Of this amount, \$25.8 million is backed by the full faith and credit of the City and \$1.67 million is special assessment debt. The remainder (\$11.9 million) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Total long-term debt includes compensated absences (\$4.54 million) and pension related commitments (\$3.35 million) for total long-term debt of \$35.4 million. The City's total long-term debt decreased by \$1.18 million in 2014 and no new long-term debt was issued. More information on the City's Long-Term Debt can be found in Note 7.

### **Economic Factors and the Next Year's Budgets and Rates**

Our state and local economies have continued to show signs of recovery. But, the uncertainty caused by national decision-making on the federal budget and the federal debt limit, together with state budget problems, directly affect our local economy. The City however continues to successfully adjust to these uncertain times, and was able to increase its total net position by \$8,680,585 from 2013.

Other economic factors considered when preparing the City's 2015-2016 budget include:

- In July 2014, the City of Lynnwood has a not seasonal-adjusted unemployment rate of 5.6%. Thru 2014 the annual not seasonally-adjusted rate was 5.3%. March 2015, the rate had dropped to 4.5%.
- The City increased its water, sewer, and storm water rates beginning January 2015.
- The City Council authorized the increase back to 6% from 2% for the General Fund tax on the City's utility services.
- The City's assessed value increased by 8.3% for the tax year 2015.
- The City changed their business license fees to eliminate the fee per full time equivalent (FTE) employee to a fee for each employee based on the number of hours they work (14 hours or less and 15 hours or more).
- Interest rates are expected to remain low.
- On the expenditure side, increases are expected for health insurance and labor and other benefit costs.
- The City of Lynnwood continues to purchase catastrophic property and liability insurance policies to protect itself from unforeseen circumstances.

### **Requests for Information**

This financial report is designed to provide our citizens, creditors, investors, and other interested parties with a general overview of the City's finances and to show the City accountability for the financial resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Lynnwood, PO Box 5008, Lynnwood, WA 98046.

Our web site address is:

[www.ci.lynnwood.wa.us](http://www.ci.lynnwood.wa.us)

Select "City Finances" under "City Hall"

# Basic Financial Statements



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City of Lynnwood, Washington  
Statement of Net Position  
December 31, 2014

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Public Facilities District
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 27,517,356	\$ 14,424,718	\$ 41,942,074	\$ 4,831,686
Prepaid items	253,024	31,580	284,604	76,488
Receivables (net of allowance for uncollectibles)	7,960,452	3,020,901	10,981,353	229,958
Intergovernmental receivable	430,214	-	430,214	-
Customer deposits	-	117,401	117,401	-
Restricted cash & equivalents	278,031	61,205	339,236	1,731,695
Bond covenant accounts	-	1,808,635	1,808,635	-
Inventories	-	20,948	20,948	15,039
Internal balances	1,985,035	(1,985,035)	-	-
<b>Total current assets</b>	<b>38,424,112</b>	<b>17,500,353</b>	<b>55,924,465</b>	<b>6,884,866</b>
Noncurrent assets:				
Intergovernmental receivable	269,728	-	269,728	-
Long-term notes receivable, net of current portion, net of allowance for uncollectibles	1,815,060	61,322	1,876,382	-
Long-term court receivable, net of allowance for uncollectibles	3,602,805	-	3,602,805	-
Investment in joint ventures	1,632,574	-	1,632,574	-
Capital assets not being depreciated:				
Land	32,671,799	8,081,423	40,753,222	6,788,800
Other nondepreciable asset	164,517	4,150,120	4,314,637	-
Construction in progress	7,379,120	3,902,804	11,281,924	-
Capital assets, net of accumulated depreciation:				
Buildings and building improvements, net	30,931,678	5,861,180	36,792,858	16,293,450
Other improvements, net	9,071,574	341,120	9,412,694	-
Machinery & equipment, net	9,224,125	2,661,884	11,886,009	27,159
Infrastructure, net	46,274,821	26,141,895	72,416,716	38,365
<b>Total noncurrent assets</b>	<b>143,037,801</b>	<b>51,201,748</b>	<b>194,239,549</b>	<b>23,147,774</b>
<b>Total assets</b>	<b>181,461,913</b>	<b>68,702,101</b>	<b>250,164,014</b>	<b>30,032,640</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>181,461,913</b>	<b>68,702,101</b>	<b>250,164,014</b>	<b>30,032,640</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	3,188,672	1,459,332	4,648,004	369,888
Unearned revenue	225,462	-	225,462	-
Other current liabilities	33,734	-	33,734	507,277
Liabilities payable from restricted assets	158,744	217,753	376,497	-
<b>Total current liabilities</b>	<b>3,606,612</b>	<b>1,677,085</b>	<b>5,283,697</b>	<b>877,165</b>
Noncurrent liabilities:				
Due within one year	2,405,283	631,031	3,036,314	970,000
Due in more than one year	32,557,961	11,667,320	44,225,281	25,318,404
<b>Total noncurrent liabilities</b>	<b>34,963,244</b>	<b>12,298,351</b>	<b>47,261,595</b>	<b>26,288,404</b>
<b>Total liabilities</b>	<b>38,569,856</b>	<b>13,975,436</b>	<b>52,545,292</b>	<b>27,165,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total deferred inflows of resources	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>38,569,856</b>	<b>13,975,436</b>	<b>52,545,292</b>	<b>27,165,569</b>
<b>NET POSITION</b>				
Net investment in capital assets (see note 1E13)	108,229,455	39,110,662	147,340,117	(3,104,981)
Restricted for: (see note 1E14)				
Capital projects	5,761,398	1,999,992	7,761,390	-
Debt Service	1,404,172	1,143,605	2,547,777	1,700,000
Other	86,051	-	86,051	-
Prepaid items	253,024	-	253,024	-
Special revenue	4,585,702	-	4,585,702	-
<b>Unrestricted</b>	<b>22,572,255</b>	<b>12,472,406</b>	<b>35,044,661</b>	<b>4,272,052</b>
<b>Total net position</b>	<b>\$ 142,892,057</b>	<b>\$ 54,726,665</b>	<b>\$ 197,618,722</b>	<b>\$ 2,867,071</b>

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Statement of Activities  
For the Year Ended December 31, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					Component Unit
	Primary Government					
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Total	
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 13,937,566	\$ 4,907,452	\$ 1,032,873	\$ 477,574	\$ (7,519,667)	\$ -
Economic Environment	4,230,397	1,434,842	-	-	(2,795,555)	-
Judicial	997,957	5,205,857	120,721	6,042	4,334,663	-
Natural Environment	110,007	3,825	-	-	(106,182)	-
Culture and recreation	6,832,934	2,694,717	791,868	78,108	(3,268,241)	-
Public safety	26,272,183	2,351,588	284,680	27,695	(23,608,220)	-
Social services	417,515	-	31,900	1,473	(384,142)	-
Transportation	8,843,355	2,039,457	303,259	5,904,294	(596,345)	-
Utilities	294,984	-	22,691	-	(272,293)	-
Interest on Long-Term Debt	1,110,496	-	-	-	(1,110,496)	-
Total governmental activities	63,047,394	18,637,738	2,587,992	6,495,186	(35,326,478)	-
Business-type activities:						
WATER/SEWER/STORM UTILITY	14,941,152	17,242,064	170,000	822,722	3,293,634	-
GOLF COURSE	994,312	1,112,743	-	-	118,431	-
Total business-type activities	15,935,464	18,354,807	170,000	822,722	3,412,065	-
Total primary government	\$ 78,982,858	\$ 36,992,545	\$ 2,757,992	\$ 7,317,908	\$ (35,326,478)	\$ -
<b>Component units:</b>						
Public Facilities District	\$ 5,642,691	\$ 3,985,442	\$ -	\$ -	\$ -	\$ (1,657,249)
Total component units	\$ 5,642,691	\$ 3,985,442	\$ -	\$ -	\$ -	\$ (1,657,249)
General revenues:						
Property taxes						
Sales taxes						
B&O taxes						
Other taxes						
Investment earnings						
Miscellaneous						
Gain on sale of assets						
Transfers						
Total general revenues, special items, and transfers	11,510,488	19,856,302	170,000	822,722	3,293,634	-
Change in net position	19,856,302	6,312,066	170,000	822,722	118,431	2,519,697
Net position - beginning	6,312,066	3,566,370	170,000	7,317,908	3,412,065	-
PRIOR PERIOD(S) ADJUSTMENTS	167,961	-	-	-	-	-
Net position - ending	13,527	45,124	170,000	7,317,908	3,412,065	20,483
	246,692	475	-	-	-	-
	1,737,442	(1,737,442)	-	-	-	-
	43,410,848	(1,674,374)	-	-	-	-
	8,084,370	1,737,691	-	-	-	-
	134,313,723	54,624,414	-	-	-	-
	493,964	(1,635,440)	-	-	-	-
	142,892,057	54,726,665	-	-	-	-
	197,618,722		-	-	-	2,867,071

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General Fund	LID 93-1 I-5 & 196TH Project	33RD Ave W Extension	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,148,308	\$ -	\$ 784,266	\$ 10,192,166	\$ 23,124,740
Receivables, net	9,233,700	2,414,633	895,378	1,074,260	13,617,971
Receivables, interfund loans	2,500,000	-	-	-	2,500,000
Due from other governments	311,494	-	-	118,720	430,214
Prepaid expenses	253,024	-	-	-	253,024
Restricted cash and investments	86,051	80,949	24,485	86,546	278,031
Total assets	<u>\$ 24,532,577</u>	<u>\$ 2,495,582</u>	<u>\$ 1,704,129</u>	<u>\$ 11,471,692</u>	<u>\$ 40,203,980</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>24,532,577</u>	<u>2,495,582</u>	<u>1,704,129</u>	<u>11,471,692</u>	<u>40,203,980</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,526,362	\$ -	\$ 394,435	\$ 351,590	\$ 2,272,387
Due to other funds	-	-	1,000,000	200,000	1,200,000
Due to other governments	86,051	-	-	-	86,051
Wages payable	754,479	-	-	19,912	774,391
Other current liabilities	442,783	-	57,613	4,336	504,732
Custodial accounts	752	-	-	-	752
Deposits payable	-	-	24,485	-	24,485
Total liabilities	<u>2,810,427</u>	<u>-</u>	<u>1,476,533</u>	<u>575,838</u>	<u>4,862,798</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property tax	217,028	-	-	52,700	269,728
Municipal Court	3,602,805	-	-	-	3,602,805
Unavailable revenue - special assessments	-	1,815,060	-	-	1,815,060
Total deferred inflow of resources	<u>3,819,833</u>	<u>1,815,060</u>	<u>-</u>	<u>52,700</u>	<u>5,687,593</u>
Total liabilities and deferred inflows of resources	<u>6,630,260</u>	<u>1,815,060</u>	<u>1,476,533</u>	<u>628,538</u>	<u>10,550,391</u>
<b>FUND BALANCES (DEFICITS) (see note 1E15)</b>					
Nonspendable	2,453,024	-	-	-	2,453,024
Restricted	86,803	680,522	227,596	9,710,850	10,705,771
Committed	5,847,864	-	-	1,098,944	6,946,808
Assigned	1,502,813	-	-	175,637	1,678,450
Unassigned	8,011,813	-	-	(142,277)	7,869,536
Total fund balances (deficits)	<u>17,902,317</u>	<u>680,522</u>	<u>227,596</u>	<u>10,843,154</u>	<u>29,653,589</u>
Total liabilities and fund balances (deficits)	<u>\$ 24,532,577</u>	<u>\$ 2,495,582</u>	<u>\$ 1,704,129</u>	<u>\$ 11,471,692</u>	<u>\$ 40,203,980</u>

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
 Reconciliation of Balance Sheet  
 To the Statement of Net Position  
 December 31, 2014

Fund balances of governmental funds		\$33,256,395
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and art (nondepreciable)	32,836,316	
Construction in progress	9,597,864	
Building and building improvement (net of depreciation)	29,445,103	
Other improvements (net of depreciation)	6,809,536	
Machinery and equipment (net of depreciation)	4,942,511	
Infrastructure (net of depreciation)	<u>46,263,681</u>	
		129,895,011
Other long term assets are not available to pay for current period expenditures and therefore reported as unavailable revenue in the funds.		
Deferred property tax	269,728	
Deferred court revenues	3,602,805	
Unavailable revenue-special assessments	<u>1,815,060</u>	
		5,687,593
Long term liability, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(38,473,431)
Investment in Joint Venture		1,632,574
Internal service funds are used by management to charge the cost of equipment rental, self-insurance and reserve retirement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		669,157
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		224,487
Assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		10,000,271
<b>Net position of governmental activities</b>		<u><u>\$142,892,057</u></u>

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2014

	General Fund	LID 93-1 5 & 196TH Project	I- 33RD Ave W Extension	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 8,895,775	\$ -	\$ -	\$ -	\$ 8,895,775
Sales taxes	18,263,866	-	-	-	18,263,866
Business taxes	6,312,066	-	-	-	6,312,066
Other taxes	3,865	-	-	-	3,865
Taxes	-	-	-	5,856,089	5,856,089
Licenses and permits	3,564,056	-	-	169,915	3,733,971
Intergovernmental revenues	1,360,146	-	1,675,976	5,227,732	8,263,854
Charges for services	5,411,961	7,093	212,076	723,706	6,354,836
Fines and forfeitures	1,629,010	-	-	41,187	1,670,197
Other interest	15,428	139,798	-	8,424	163,650
Other rents	288,783	-	-	-	288,783
Miscellaneous	145,610	-	-	20,126	165,736
Capital grants and contributions	-	477,574	-	192,100	669,674
Total revenues	<u>45,890,566</u>	<u>624,465</u>	<u>1,888,052</u>	<u>12,239,279</u>	<u>60,642,362</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,902,578	-	-	10,261	9,912,839
Economic Environment	2,996,776	-	-	1,234,412	4,231,188
Judicial	997,407	-	-	-	997,407
Natural Environment	110,007	-	-	-	110,007
Culture and recreation	5,689,644	-	-	4,279	5,693,923
Public safety	26,172,035	-	-	116,771	26,288,806
Social services	417,515	-	-	-	417,515
Transportation	1,416,628	-	-	4,905,286	6,321,914
Utilities	251,333	-	-	43,652	294,985
Debt service:					
Interest	633	134,938	-	974,924	1,110,495
Principal retirement	-	455,000	-	854,962	1,309,962
Capital outlay:					
Capital outlay	338,554	-	2,107,316	3,504,251	5,950,121
Total expenditures	<u>48,293,110</u>	<u>589,938</u>	<u>2,107,316</u>	<u>11,648,798</u>	<u>62,639,162</u>
Excess (deficiency) of revenues over expenditures	<u>(2,402,544)</u>	<u>34,527</u>	<u>(219,264)</u>	<u>590,481</u>	<u>(1,996,800)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,310,802	-	393,679	6,810,045	9,514,526
Transfers out	(3,526,654)	-	-	(5,556,963)	(9,083,617)
Insurance and claims	15	-	-	2,244	2,259
Gain (loss) on Disposition of capital assets	368,000	-	-	2,608	370,608
Total other financing source (uses)	<u>(847,837)</u>	<u>-</u>	<u>393,679</u>	<u>1,257,934</u>	<u>803,776</u>
Net change in fund balances	(3,250,381)	34,527	174,415	1,848,415	(1,193,024)
Fund balances - beginning	21,152,698	645,995	53,181	8,994,739	30,846,613
Fund balances - ending	<u>\$ 17,902,317</u>	<u>\$ 680,522</u>	<u>\$ 227,596</u>	<u>\$ 10,843,154</u>	<u>\$ 29,653,589</u>

The notes to financial statements are an integral part of this statement.

**City of Lynnwood, Washington**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Statement of Activities**  
**For the Year Ended December 31, 2014**

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Net change in fund balances - total governmental funds \$2,409,778

Amounts reported for governmental activities in the statement of net position are different because:

Capital outlays	5,950,122	
Current year depreciation	(6,121,504)	
Disposal of capital assets	<u>(219,288)</u>	
		(390,670)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

1,309,963

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.

2,801,912

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.

(1,496,688)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

1,352,358

Increase in other post-employment benefits payable  
Increase in compensated absences payable

(588,325)  
(160,475)

(748,800)

Internal service funds are used by management to charge the cost of equipment rental, self-insurance and reserve retirement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,841,114

Net revenue (loss) of internal service funds

1,499,367

Change in net position of governmental activities

\$8,578,334

Prior period adjustment reconciliation

The amount reported for governmental activities prior period adjustment in the statement of activities is different because:

Prior period adjustment - total governmental funds		(493,964)
Salvage value correction	1,689,282	
2013 CIP correction	(2,183,246)	

Prior period adjustment - governmental activities

Change in net position of governmental activities

\$ 8,084,370

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington

011 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 8,604,265	\$ 7,974,393	\$ 8,895,775	\$ 921,382
Sales taxes	16,972,135	15,769,884	18,263,866	2,493,982
Business taxes	6,562,436	6,421,452	6,312,066	(109,386)
Other taxes	1,733	1,733	3,865	2,132
Licenses and permits	3,503,037	3,318,337	3,564,056	245,719
Intergovernmental revenues	1,086,700	772,513	1,360,146	587,633
Charges for services	5,643,528	5,400,684	5,411,961	11,277
Fines and forfeitures	3,830,000	3,286,560	1,629,010	(1,657,550)
Other interest	42,685	64,752	15,428	(49,324)
Other rents	240,550	176,841	288,783	111,942
Miscellaneous	28,600	28,600	145,610	117,010
Total revenues	<u>46,515,669</u>	<u>43,215,749</u>	<u>45,890,566</u>	<u>2,674,817</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,530,738	10,330,632	9,902,578	428,054
Economic Environment	3,328,515	3,817,738	2,996,776	820,962
Judicial	1,238,815	1,425,108	997,407	427,701
Natural Environment	144,375	138,200	110,007	28,193
Culture and recreation	5,555,688	5,957,596	5,689,644	267,952
Public safety	27,104,320	27,890,855	26,172,035	1,718,820
Social services	367,200	429,166	417,515	11,651
Transportation	1,534,042	1,677,572	1,416,628	260,944
Utilities	273,850	411,816	251,333	160,483
Total current	<u>48,077,543</u>	<u>52,078,683</u>	<u>47,953,923</u>	<u>4,124,760</u>
Debt service:				
Interest	-	-	633	(633)
Total debt service	<u>-</u>	<u>-</u>	<u>633</u>	<u>(633)</u>
Capital outlay:				
Capital outlay	74,300	675,448	338,554	336,894
Total capital outlay	<u>74,300</u>	<u>675,448</u>	<u>338,554</u>	<u>336,894</u>
Total expenditures	<u>48,151,843</u>	<u>52,754,131</u>	<u>48,293,110</u>	<u>4,461,021</u>
Excess (deficiency) of revenues over expenditures	<u>(1,636,174)</u>	<u>(9,538,382)</u>	<u>(2,402,544)</u>	<u>7,135,838</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,787,891	2,397,793	2,310,802	(86,991)
Transfers out	(3,082,542)	(7,839,883)	(3,526,654)	4,313,229
Insurance and claims	-	-	15	15
Gain (loss) on Disposition of capital assets	-	-	368,000	368,000
Total other financing source (uses)	<u>(294,651)</u>	<u>(5,442,090)</u>	<u>(847,837)</u>	<u>4,594,253</u>
Net change in fund balances	(1,930,825)	(14,980,472)	(3,250,381)	11,730,091
Fund balances - beginning	21,152,700	21,152,700	21,152,698	(2)
Fund balances - ending	<u>\$ 19,221,875</u>	<u>\$ 6,172,228</u>	<u>\$ 17,902,317</u>	<u>\$ 11,730,089</u>

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Statement of Net Position  
Proprietary Funds  
December 31, 2014

	Business-type Activities			Governmental
	Water/Sewer/ Storm Utility	Golf Course	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 14,169,684	\$ 255,034	\$ 14,424,718	\$ 4,392,615
Receivables, net	3,011,419	4,381	3,015,800	30,076
Receivables accrued interest	5,100	-	5,100	-
Prepaid expenses	29,302	2,278	31,580	-
Inventories, at cost	-	20,948	20,948	-
Restricted cash and investments	706,151	20,085	726,236	-
Customer advance payments	100,060	17,341	117,401	-
Revenue bond current debt service	555,000	-	555,000	-
Revenue bond future debt service - Bond reserve	588,605	-	588,605	-
Total current assets	<u>19,165,321</u>	<u>320,067</u>	<u>19,485,388</u>	<u>4,422,691</u>
Noncurrent assets:				
Notes receivable - noncurrent	61,322	-	61,322	-
Land	4,418,054	3,663,369	8,081,423	-
Other nondepreciable assets	4,150,120	-	4,150,120	-
Construction in progress	3,902,804	-	3,902,804	43,294
Buildings and building improvements, net of accumulated depreciation	5,747,733	113,447	5,861,180	1,497,715
Machinery and equipment, net of accumulated depreciation	2,658,084	3,800	2,661,884	4,281,613
Improvements other than buildings, net of accumulated depreciation	222,594	118,526	341,120	-
Infrastructure, net of accumulated depreciation	<u>26,116,148</u>	<u>25,747</u>	<u>26,141,895</u>	<u>-</u>
Total noncurrent assets	<u>47,276,859</u>	<u>3,924,889</u>	<u>51,201,748</u>	<u>5,822,622</u>
Total assets	<u>66,442,180</u>	<u>4,244,956</u>	<u>70,687,136</u>	<u>10,245,313</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,325,822	27,286	1,353,108	137,584
Due to other funds	-	1,300,000	1,300,000	-
Wages payable	104,110	-	104,110	14,839
Gift certificates	-	17,341	17,341	-
Custodial accounts	141,981	2,112	144,093	-
Deposits Payable	-	20,085	20,085	-
Revenue bonds, net of current portion	38,347	-	38,347	-
Total current liabilities	<u>1,610,260</u>	<u>1,366,824</u>	<u>2,977,084</u>	<u>152,423</u>
Noncurrent liabilities:				
Claims and judgments	-	-	-	39,381
Matured bonds payable	555,000	-	555,000	-
Compensated absences - current	76,031	-	76,031	13,242
Compensated absences - noncurrent	192,555	-	192,555	39,996
Revenue bonds, net of current portion	11,315,000	-	11,315,000	-
Unamortized premium	237,942	-	237,942	-
(Less) Unamortized bond discount	<u>(78,176)</u>	<u>-</u>	<u>(78,176)</u>	<u>-</u>
Total noncurrent liabilities	<u>12,298,352</u>	<u>-</u>	<u>12,298,352</u>	<u>92,619</u>
Total liabilities	<u>13,908,612</u>	<u>1,366,824</u>	<u>15,275,436</u>	<u>245,042</u>
<b>NET POSITION</b>				
Net investment in capital assets	35,185,773	3,924,889	39,110,662	5,822,623
Restricted for:				
Capital projects	1,999,992	-	1,999,992	-
Debt Service	1,143,605	-	1,143,605	-
Unrestricted	<u>14,204,198</u>	<u>(1,046,757)</u>	<u>13,157,441</u>	<u>4,177,648</u>
Total net position	<u>\$ 52,533,568</u>	<u>\$ 2,878,132</u>	<u>\$ 55,411,700</u>	<u>\$ 10,000,271</u>
Difference between business-type adjustments to assets and liabilities.			(685,035)	-
Net position of business-type activities			<u>\$ 54,726,665</u>	-

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2014

	Business-type Activities			Governmental Activities
	Water/Sewer/ Storm Utility	Golf Course	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services/fees-Water	\$ 5,210,836	\$ -	\$ 5,210,836	\$ -
Charges for services/fees-Sewer	8,995,429	-	8,995,429	-
Charges for services/fees-Storm	2,984,121	-	2,984,121	-
Charges for services	-	997,358	997,358	2,964,457
Other operating revenues	44,160	1,003	45,163	1,088
Other rents	-	115,385	115,385	-
Total operating revenues	<u>17,234,546</u>	<u>1,113,746</u>	<u>18,348,292</u>	<u>2,965,545</u>
<b>OPERATING EXPENSES</b>				
Administrative and general-Water services	1,204,968	-	1,204,968	-
Administrative and general-Sewer services	734,992	-	734,992	-
Administrative and general-Storm drainage	602,278	-	602,278	-
Administrative and general	-	853,332	853,332	280,204
Maintenance and operations-Water	2,600,835	-	2,600,835	-
Maintenance and operations-Sewer	5,845,871	-	5,845,871	-
Maintenance and operations-Storm	741,201	-	741,201	-
Maintenance and operations	-	98,431	98,431	1,286,191
Insurance and claims	-	-	-	493,145
Depreciation	2,034,722	41,402	2,076,124	724,313
Total operating expenses	<u>13,764,867</u>	<u>993,165</u>	<u>14,758,032</u>	<u>2,783,853</u>
Operating income (loss)	<u>3,469,679</u>	<u>120,581</u>	<u>3,590,260</u>	<u>181,692</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Miscellaneous	51,678	(40)	51,638	(40,496)
Miscellaneous interest revenue	17,469	-	17,469	3,448
Insurance and claims	-	-	-	6,242
Debt issuance costs	(6,936)	-	(6,936)	-
Interest expense	(500,194)	(1,142)	(501,336)	(345)
Gain (loss) on Disposition of capital assets	475	-	475	95,372
Other	170,000	-	170,000	158
Total nonoperating revenues (expenses)	<u>(267,508)</u>	<u>(1,182)</u>	<u>(268,690)</u>	<u>64,379</u>
Income (loss) before contributions and transfers	<u>3,202,171</u>	<u>119,399</u>	<u>3,321,570</u>	<u>246,071</u>
Capital contributions and transfers				
Water	80,969	-	80,969	-
Sewer	11,752	-	11,752	-
Storm	730,000	-	730,000	-
Transfers in	-	-	-	1,306,533
Transfers out	<u>(1,737,443)</u>	<u>-</u>	<u>(1,737,443)</u>	<u>-</u>
Change in net position	<u>2,287,449</u>	<u>119,399</u>	<u>2,406,848</u>	<u>1,552,604</u>
Total net position - beginning	51,857,336	2,782,956	54,640,292	9,031,783
Prior Period Adjustment	<u>(1,611,217)</u>	<u>(24,223)</u>	<u>(1,635,440)</u>	<u>(584,116)</u>
Total net position - ending	<u>\$ 52,533,568</u>	<u>\$ 2,878,132</u>	<u>\$ 55,411,700</u>	<u>\$ 10,000,271</u>

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds and prior periods (966,283)  
Changes in net position of business-type activities \$ 1,737,691

The notes to financial statements are an integral part of this statement.

City of Lynnwood, Washington  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	Business-Type Activities			Governmental
	Water and	Golf	Totals	Internal
	Sewer Utility	Course		Service Funds
Cash flows from operating activities:				
Receipts from customers	\$ 16,344,093	\$ 1,126,724	\$ 17,470,817	\$ 2,971,261
Payments to suppliers	(6,922,938)	(829,968)	(7,752,906)	(1,791,851)
Payments to employees	(3,988,980)	(141,844)	(4,130,824)	(536,963)
Other receipts (payments)	-	(4,421)	(4,421)	-
Payments/Receipts To Other Funds	(1,388,911)	(53,457)	(1,442,368)	(315,499)
Net cash provided by (used for) operating activities	<u>4,043,264</u>	<u>97,034</u>	<u>4,140,298</u>	<u>326,948</u>
Cash flows from noncapital financing activities:				
Operating subsidies and transfers to other funds	-	-	-	-
Interfund loans (paid)/received	-	-	-	-
Interfund loan Principal & interest (paid)/received	-	(17,252)	(17,252)	(345)
Other Non-Operating Revenues	51,681	-	51,681	-
Transfers in	-	-	-	-
Transfers (out)	324,800	-	324,800	1,306,533
Net cash provided by (used for) noncapital financing activities	<u>376,481</u>	<u>(17,252)</u>	<u>359,229</u>	<u>1,306,188</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(4,855,354)	-	(4,855,354)	(724,529)
Capital contributions	883,459	-	883,459	-
Receipts of capital grant	170,000	-	170,000	-
Proceeds/Retirement from disposal of capital assets	475	-	475	101,615
Principal paid on revenue bonds	(552,215)	-	(552,215)	-
Interest paid on revenue bonds and contracts	(569,194)	-	(569,194)	-
Net cash provided by (used for) capital and related financing activities	<u>(4,922,829)</u>	<u>-</u>	<u>(4,922,829)</u>	<u>(622,914)</u>
Cash flows from investing activities:				
Interest and dividends on investments	17,469	-	17,469	3,448
Net cash provided by (used for) investing activities	<u>17,469</u>	<u>-</u>	<u>17,469</u>	<u>3,448</u>
Net increase (decrease) in cash and cash equivalents	<u>(485,615)</u>	<u>79,782</u>	<u>(405,833)</u>	<u>1,013,670</u>
Cash and cash equivalents at beginning of year	<u>16,605,115</u>	<u>212,678</u>	<u>16,817,793</u>	<u>3,378,945</u>
Cash and cash equivalents at end of year	<u>\$ 16,119,500</u>	<u>\$ 292,460</u>	<u>\$ 16,411,960</u>	<u>\$ 4,392,615</u>
Reconciliation to Proprietary Funds Statement of Net Position:				
Current assets:				
Cash and cash equivalents	14,169,684	255,034	14,424,718	4,392,615
Restricted assets:				
Cash	706,151	20,085	726,236	-
Customer advance payments	100,060	17,341	117,401	-
Bond current debt service	555,000	-	555,000	-
Bond future debt service	588,605	-	588,605	-
Cash and cash equivalents at end of year	<u>16,119,500</u>	<u>292,460</u>	<u>16,411,960</u>	<u>4,392,615</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LYNNWOOD, WASHINGTON  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	Business-Type Activities			Governmental
	Water, Sewer and Storm Utility	Golf Course	Totals	Activities Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 4,119,760	\$ 120,576	\$ 4,240,336	\$ 181,693
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,384,640	41,402	1,426,042	724,313
Other non-operating disbursements	-	(40)	(40)	(40,341)
Change in assets and liabilities:				
Receivables, net	(296,216)	(4,381)	(300,597)	19,776
Inventories, deposits & prepayments	64,317	17,104	81,421	-
Accounts and other payables	(1,381,227)	(702)	(1,381,929)	(94,203)
Compensated absences	10,009	(89,903)	(79,894)	8,545
Other Current Liabilities	141,981	12,978	154,959	(472,835)
Total adjustments	<u>(76,496)</u>	<u>(23,542)</u>	<u>(100,038)</u>	<u>145,255</u>
Net cash provided by operating activities	<u>\$ 4,043,264</u>	<u>\$ 97,034</u>	<u>\$ 4,140,298</u>	<u>\$ 326,948</u>
<b>Noncash investing, capital and financing activities:</b>				
Retirement & write off of capital assets	1,635,439	24,223	1,659,662	(584,116)
Gain/(loss) on property dispositions	475	-	475	101,614
Contributions of capital assets	883,459	-	883,459	-

The notes to the financial statements are an integral part of this statement.

City of Lynnwood, Washington  
Statement of Fiduciary Net Position  
December 31, 2014

	Pension trust funds	Private-purpose trust funds	Agency funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 570,066	\$ -	\$ 481,829
Due from other governments	-	-	1,517
Prepaid expenses	45,326	-	-
Restricted cash and investments	-	17,291	-
Total assets	<u>615,392</u>	<u>17,291</u>	<u>\$ 483,346</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 182,254
Due to other governments	-	-	2,933
Custodial accounts	-	-	131,151
Deposits Payable	-	-	167,009
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 483,347</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 615,392</u>	<u>\$ 17,291</u>	

The notes to financial statements are an integral part of this statement.

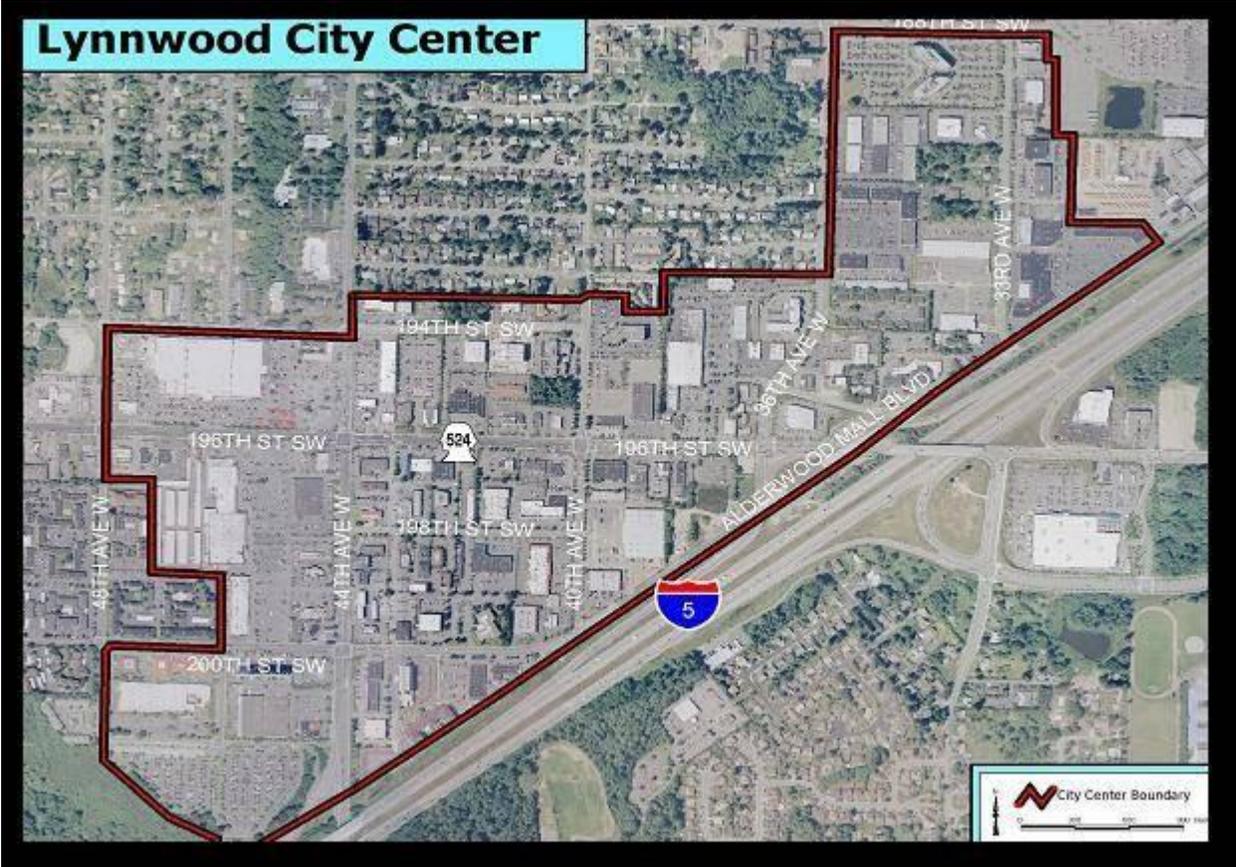
City of Lynnwood, Washington  
Statement of Changes in Fiduciary Net Position  
For the Year Ended December 31, 2014

	Pension trust funds	Private-purpose trust funds
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Intergovernmental revenues	\$ 56,876	\$ -
Other interest	651	17
Total contributions	<u>57,527</u>	<u>17</u>
Investment earnings:		
Total investment earnings	<u>-</u>	<u>-</u>
Net investment earnings	<u>-</u>	<u>-</u>
Total additions	<u>57,527</u>	<u>17</u>
<b>DEDUCTIONS</b>		
Benefits	118,446	-
Administrative expenses	21,825	-
Total deductions	<u>140,271</u>	<u>-</u>
Change in net position	(82,744)	17
Net Position -- beginning of the year	<u>698,136</u>	<u>17,274</u>
Net Position -- end of the year	<u>\$ 615,392</u>	<u>\$ 17,291</u>

The notes to financial statements are an integral part of this statement.

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# Notes to Financial Section



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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Lynnwood have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

The City of Lynnwood was incorporated on April 23, 1959, and operates under the laws of the state of Washington applicable to an optional code city with a Mayor/Council form of government. The City is governed by an elected mayor and seven-member governing council. As required by the generally accepted accounting principles the financial statements present the City of Lynnwood, the primary government, and its component units. The component units discussed below are included in the City of Lynnwood reporting entity because of the significance of their operational or financial relationships with the City. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended Component Unit.** The City of Lynnwood Council formed the Transportation Benefit District (TBD) on June 3, 2010 by its adoption of Ordinance No. 2837 pursuant to RCW 35.21.225 and RCW 36.73 for the purpose of levying of additional revenue sources for the purpose of acquiring, constructing, improving, providing and funding transportation improvements within the District that are consistent with the existing state, regional, and local transportation plans. The Transportation Benefit District is governed by the 7-member Lynnwood City Council acting in an ex officio and independent capacity. Although it is legally separated from the City of Lynnwood the Transportation Benefit District is reported as if it were part of the primary government because its sole purpose is for the construction, preservation, maintenance and operation of City streets. The TBD received its first receipt of funds collected by the Department of Licensing on June 30, 2011.

**Discretely Presented Component Unit.** The South Snohomish County Public Facilities District (PFD) was established by City Ordinance No 2266 on August 24, 1999, to finance, design, construct, operate and maintain a regional center as a conference, convention or special events center. A five-member board governs the PFD and is appointed to four-year terms by the City Council. The City provides funding for the PFD through hotel/motel taxes, making the PFD dependent upon the City of Lynnwood for its revenue source. The City is contingently liable to the 2004 and 2005 bonds. As of December 31, 2014, the outstanding 2014 sales tax bonds and the 2015 revenue bonds were \$9,725,000 and \$16,390,000. S&P also raised the bond rating for Lynnwood PFD's bonds, issued on behalf of the City, from "A" to "AA+."

Most recently, the Lynnwood Public Facilities District issued \$25,482,100 Convention Center revenue and sales tax refunding bonds to defease District's 2004 and 2005 bonds and to finance the capital construction needed at the Convention Center. On April 15, 2015, the District issued \$15.605 million refunded revenue bonds maturing on December 1, 2034 with an average interest rate of 3.57% with a net present value savings of \$2.059 million. On June 15, 2015, the District issued \$9.877 million sales tax bonds with an interest rate of 2.48% with a net present value savings of \$1.069 million. On behalf of the District, the City of Lynnwood is contingently liable to these bonds, and to date, the District is capable of paying these bonds from hotel/motel tax revenue and revenue generated from the convention center.

Complete financial statements can be obtained at the Lynnwood City Hall.

## **B. Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to 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 or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. The General Fund includes the following managerial funds:

The *Revenue Stabilization Fund* was established to accumulate money to cover periods of revenue shortages in the General Fund, and for expenditures deemed necessary by the City Council.

The *Program Development Fund* was established to accumulate special appropriations and money from the General Fund that may be used for program development, enhancement or expansion projects, and for matching funds for grants and interlocal agreements.

The *Economic Development Infrastructure Fund* is used to support and promote the Economic Development Policy outlined in Resolution 2012-06. Resources are used to fund the City's participation in public infrastructure and public facilities.

The *LID 93-1 Fund* is a debt service fund used to pay LID Bonds from collected assessments.

The 33<sup>rd</sup> Avenue West Extension fund is for a capital construction project for extending 33<sup>rd</sup> Ave West further north adding much needed additional access to Alderwood Mall.

The City reports the following major proprietary funds:

The *Water, Sewer and Storm Drainage Utility Fund* serves as the main operating fund for providing water, sewer, and storm water utility services for the citizens of the City. It also acts to perform debt service duties for payment of outstanding revenue bonds. See Note 7 for more information on outstanding revenue bonds.

The *Golf Course Fund* accounts for the City's 18-hole municipal golf course and pro shop which is managed and operated by Premier Golf Centers, LLC.

Additionally, the City reports the following fund types:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

*Debt Service Funds* are used to account for the accumulation of resources to pay interest and principal on general long-term debt.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition and construction of capital facilities other than those financed by the proprietary funds.

*Internal Service Funds* are used to account for goods and services provided to other funds, departments, or governments on a cost-reimbursement basis. The City maintains funds in this category for equipment rental, self-insurance and a reserve retirement fund.

*Trust Funds* are used to account for cash and other assets received and held by the City in a trustee capacity or custodian for outside individuals or private organizations. Pension Trust and Private-

Purpose Trust Funds are accounted for in essentially the same manner as proprietary funds, but with an important expanded emphasis on required fund balance reserves. The City maintains the Firefighters' Pension Trust Fund and the Randy Terlicker Memorial Scholarship Fund, a private purpose trust fund. The scholarship fund receives contributions, private donations, and interest payments on the reserve, and in turn, awards scholarships to selected and qualified individual recipients from this reserve.

*Agency funds* are used to account for assets held by the City in a custodial capacity (assets equal liabilities) and do not involve measurement of results of operations. The City uses these funds to account for its arbitrage liabilities, and various deposits payable to State and local agencies and private contractors.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer and Storm Drainage Utility Fund, and the Golf Course Fund, are charges for services provided. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Budgetary Information**

##### **1. Scope of Budget**

Biennial appropriated budgets are adopted for all funds, with the exception of the LID debt service funds, capital project funds, and custodial agency funds. Budgets for LID 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 debt issues or projects. These budgets are prepared in accordance with generally accepted accounting principles.

Other budgets are adopted at the level of the fund, except in the general (current expense) fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. The City's "Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual" is presented as a one year budget for comparison purposes to make it more meaningful to the reader.

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

An encumbrance system is used for budgetary control purposes to record commitments resulting from approved purchase orders. During the year, encumbrances are recorded in the accounting system at the time purchase orders are issued for goods and services. Upon payment, the encumbrance is relieved and the actual cost of the related item is recorded as a fund expenditure. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities on the financial statements because the commitments will be honored during the subsequent year based on that year's budget.

In the year the biennial budget is prepared, the following are the steps in the budget process:

January to March – The Council establishes a budget process calendar by resolution in January. The Council approves items to be carried over from the previous biennial budget because they did not get done and the money to complete them was unspent as well. This usually occurs in February. The Finance Director provides a “first look” at the prior year's financial results in late February.

March to May – The City Council begins to discuss their goals and objectives or any other issues that could have an impact on the budget. Ordinance 2299 calls for the Council to adopt citywide goals and objectives by May of each year. A public hearing is held in late May or early June to assure an opportunity for public input prior to the development of the budget.

June to July – In June the Finance Director delivers to the department heads the Operating Budget Instructional Manual. This manual encompasses the Mayor's message, which depicts the guidelines for departmental budget projections. Also, included are the City's goals as defined by Council. This manual also provides instructions and samples of the actual working documents that are required of the departments for the development of their budgets. The working documents are due back to the Budget Analyst by the end of July.

August to October – The Budget Analyst compiles the department's requests for the Mayor's review. The Mayor holds meetings with individual departments to review their budgets and budget issues. The individual Department Heads present their budgets to the Council at a Council Work Session. The budget as presented by the departments and prior to being balanced by the Mayor is known as the Proposed Preliminary Budget (RCW 35A.33.050). A second Public Hearing is held in October to allow the public to comment on the Proposed Preliminary Budget and to discuss any budget issues with the Council. The Mayor prepares recommendations for balancing the budget and presents them to the Council in late October (RCW 35A.33.052).

November and December – The last two Public Hearings are held and the Council conducts work sessions to discuss and understand the budget material presented. The Council adopts the biennial budget. The Administrative Services Department makes the final budget adjustments and provides each department with a ‘working copy’ of the adopted budget along with the Budget Ordinance. The formal adopted budget is distributed to the Mayor, City Council and to the public upon request.

A mid-biennial review shall commence no sooner than eight months after the start nor later than twelve months after the start of the biennium. Public hearings on the proposed budget modification shall be conducted at least two weeks prior to the adoption of the ordinance modifying the biennial budget. In November and December of each year the Capital Facilities plan and other related policy actions are adopted by the Council.

## 2. Amending the Budget

The Mayor is authorized to transfer budgeted amounts between departments within any fund with the exception of the General Fund. Any revisions that alter the total expenditures of a fund, or of a department in the General Fund, must be approved by the City Council. In addition, any revisions that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

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, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

## 3. Excess of Expenditures over Appropriations

The following funds experienced expenditures in excess of appropriations:

Paths and Trails Fund (128) (\$619)  
Ordinance #3123 which created this capital project was adopted by the City Council on 4/13/15.

The conversion to the new Enterprise Resource Planning (ERP) System required us to change our account numbers. We are bringing different modules on at different times so all items are not included. When the entire project is completed, we will have the ability to tie the amounts.

## 4. Deficit Fund Net Position

The following fund experienced an equity deficit at year end:

Sidewalks/Pedestrian Improvements (312) (\$142,277)  
The deficit in the Sidewalks/Pedestrian Improvements fund listed above arose due to timing of cash flows and complexities in fund cash management. The deficit was addressed with an interfund loan from the general fund.

## **E. Assets, Liabilities, Fund Balance, Net Position**

### 1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2014, the treasurer was holding \$42,381,395 in short-term residual investments (LGIP) of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

Beginning in 2013 compensating balances at US Bank no longer exists. For purposes of the statement of cash flows, the City considers short-term investments (including restricted assets) in the State Treasurer's Investment Pool and any other investment with a maturity of three months or less at acquisition date to be cash equivalents.

2. Investments See Note 3, *Deposits and Investments*.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Property Taxes Note 2). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2014, \$2,134 of special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services provided including amounts owed for which billings have not been prepared. When an allowance for uncollectible receivable accounts exists, they are subtracted from Accounts Receivable, which are shown as "net". The City accrues accounts receivable consisting primarily of billed water/sewer accounts, court ordered fines, utility taxes, and other various receivables.

4. 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 either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 4, Interfund Balances and Transfers.

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.

5. Inventories

Inventories are defined as assets that may be held for internal consumption or for resale. Inventory items may be recorded as expenditures when purchased or when consumed. The City of Lynnwood uses the following policies in valuing and recording inventory items:

Governmental Funds - The purchase method is used. Here the item upon purchase is recorded as expenditure at cost. Inventory items remaining at year-end are considered immaterial and are therefore not included in the balance sheets of these funds.

Enterprise Funds - A perpetual inventory is maintained whereby expenses are recorded when the item is consumed. The market cost valuation method is used to cost the inventory. A physical inventory is also taken at year-end.

Internal Service Funds - A perpetual inventory is maintained whereby expenses are recorded when the item is consumed. The weighted average method of valuation has been used to cost the inventory. A physical inventory is taken at year-end.

6. Restricted Assets and Liabilities

Constraints imposed by debt covenants, laws and regulations of other governments require that the City maintain cash accounts, investments, receivables for certain purposes. These accounts contain resources for construction and debt service. The current portion of related liabilities is shown as Payables from Current Restricted Assets. Specific debt service reserve requirements are described in Note 7, Long-Term Debt.

Restricted assets of the governmental activities include the following:

Cash and equivalents	<u>\$ 278,031</u>
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The restricted assets of the enterprise funds are composed of the following:

Bond covenant accounts	\$ 1,808,635
Restricted cash and equivalents	61,205
Customer deposits	<u>117,401</u>
Total	<u>\$ 1,987,241</u>

7. Capital assets - See Note 5, *Capital Assets*.

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Lynnwood as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. 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.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Intangible assets for the City include easements and are being treated as a non-depreciable asset similar to Land.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>USEFUL LIFE (YRS)</u>
Buildings	10-50
Improvements Other Than Buildings	10-50

Equipment	3-20
Infrastructure	15-100

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during capital construction performed by proprietary funds are capitalized within the fund. However, interest expense incurred during construction of capital facilities is not capitalized when the assets will be reported as a governmental capital asset in the entity-wide statement of net assets.

#### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

#### 9. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave.

The City limits the accumulation of unpaid vacation benefits to two years accrual; any excess accrual would require executive approval. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Sick leave accumulation is limited to a maximum of 720 hours. Upon termination or retirement of employment, unused sick leave may be converted to pay at the current rate on the following basis:

1. Termination - Voluntary or discharge  
Five hours of up to 720 hours unused sick leave = 1 hour pay.
2. Termination by layoff  
Three hours of up to 720 hours unused sick leave = 1 hour pay.
3. Retirement  
Two years accumulation (192) hours = One hour unused sick leave = 1 hour pay.  
Balance of unused sick leave (up to 528 hours) = Three hours unused sick leave = 1 hour pay.

#### 10. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

11. Long-Term Debt See Note 7, *Long-Term Debt*12. Unearned Revenues

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

13. Net investment in capital assets

The net investment in capital assets, reported on the governmental-wide statement of net position as of December 31, 2014, are as follows:

	Governmental Activities	Business-Type Activities	Public Facilities District
Cost of capital assets	\$210,200,610	\$ 104,160,723	\$ 29,288,404
Less: accumulated depreciation	(74,482,976)	(53,020,296)	(6,140,630)
Book value	135,717,634	51,140,427	23,147,774
Less: capital related debt	(27,488,178)	(11,870,000)	(26,115,000)
Add: unspent bond proceeds	-	-	
Less: unamortized bond premiums/(discounts)		(159,765)	(137,755)
Net investment in capital assets	<u>\$108,229,456</u>	<u>\$ 39,110,662</u>	<u>\$ (3,104,981)</u>

14. Fund Equity

Fund balances are classified in the financial statements into five components: as nonspendable, restricted, committed, assigned and unassigned.

Fund balances by classification for the year ended December 31, 2014 were as follows:

	General Fund	LID 93-1 I-5 & 196TH Project	33RD Ave W Extension	Total Nonmajor Funds	Total Governmental Funds
<b>Nonspendable</b>					
Prepaid items	\$ 253,024	-	-	-	\$ 253,024
Long-term interfund advances	1,000,000	-	-	-	1,000,000
Long-term Golf interfund advance	1,200,000	-	-	-	1,200,000
<b>Restricted</b>					
Customer deposit	86,051	-	-	-	86,051
Custodial accounts - accrued taxes	752	-	-	-	752
Debt service	-	680,523	-	723,650	1,404,173
Capital projects	-	-	227,596	2,397,811	2,625,407
Convention center	-	-	-	751,831	751,831
Real Estate excise tax	-	-	-	1,484,288	1,484,288
Public safety	-	-	-	2,231,853	2,231,853
Park and recreation	-	-	-	1,417,445	1,417,445
Transportation	-	-	-	595,818	595,818
Transportation Benefit District	-	-	-	108,155	108,155
<b>Committed</b>					
Revenue stabilization	5,814,864	-	-	-	5,814,864
Petty cash	18,000	-	-	-	18,000
Advance travel	15,000	-	-	-	15,000
Art reserve	-	-	-	22,537	22,537
Capital projects	-	-	-	985,785	985,785
Tree reserve	-	-	-	90,622	90,622
<b>Assigned</b>					
Purchases on order	1,113,608	-	-	-	1,113,608
EDIF Fund	323,578	-	-	-	323,578
Program Development	65,627	-	-	-	65,627
Solid Waste Management	-	-	-	66,586	66,586
Streets	-	-	-	109,050	109,050
Unassigned	8,011,813	-	-	(142,277)	7,869,536
Total fund balances (deficits)	<u>\$17,902,317</u>	<u>\$ 680,523</u>	<u>\$ 227,596</u>	<u>\$10,843,154</u>	<u>\$ 29,653,590</u>

**FUND BALANCES (DEFICITS)**

Nonspendable	\$ 2,453,024	-	-	-	\$ 2,453,024
Restricted	86,803	680,522	227,596	9,710,850	10,705,771
Committed	5,847,864	-	-	1,098,944	6,946,808
Assigned	1,502,813	-	-	175,637	1,678,450
Unassigned	8,011,813	-	-	(142,277)	7,869,536
Total fund balances (deficits)	<u>\$17,902,317</u>	<u>\$ 680,522</u>	<u>\$ 227,596</u>	<u>\$10,843,154</u>	<u>\$ 29,653,589</u>

Classifications were, as follows:

***Nonspendable Fund Balance*** - includes amounts that cannot be spent because they are either:

- a. Not in spendable form; or
- b. Legally or contractually required to be maintained intact.

***Restricted Fund Balance*** - includes amounts restricted to specific purposes when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

***Committed Fund Balance*** - includes amounts that can only be used for specific purposes pursuant to constraints imposed by Council ordinance prior to the end of the reporting period. Council action is required to commit resources via ordinance or to rescind the commitment.

***Assigned Fund Balance*** - includes amounts that are constrained by the City's intent that the funds be used for specific purposes, but are neither restricted nor committed. This includes outstanding encumbrances at year-end.

***Unassigned Fund Balance*** - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

#### 15. Fund balance flow assumptions

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, the city considers that committed funds are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### F. Other

#### 1. Stabilization arrangements and minimum fund balance policies

Resolution No. 2014-20 which was adopted by the City Council on November 10, 2014 amending attachment A to Resolution No. 2011-06 revised existing financial management policies and adopted a Long Term Comprehensive Financial Plan for the City. Included in these financial management policies are the following stabilization arrangements and minimum fund balance policies:

It is the policy of the City to maintain general governmental reserves and cash balances for general government at two levels and shall be made up of two components; the Revenue Stabilization Fund #098 and the General Fund Unencumbered Fund Balance (Cash Flow Balance):

General Fund Unencumbered Fund Balance to provide for adequate operating cash and cover substantial receivables until they are collected:

- a. The City’s General Fund shall maintain an *unassigned* fund balance of at least *the amount equivalent to the average of two month’s expenses in the prior fiscal year*.
- b. Achieving and maintaining this balance is the highest priority over developing and maintaining other general fund reserves.
- c. The restricted reserves are intended to protect the city from major economic downturns and similar adverse financial conditions.
  - i. It will be the goal of the City to maintain a Revenue Stabilization Fund at a level to cover at least two months operations in the General Fund which is equivalent to \$9,000,000 in 2011.
  - ii. Since these reserves are not currently available, the city will seek to build gradually to this goal reaching an interim target level of \$5,000,000 by 2016.
  - iii. Any general fund unencumbered ending balance by the end of the biennium in excess of \$4,000,000 shall be transferred by the City Council to the Revenue Stabilization fund #198 until the target in policy in (c)(ii) above is achieved.
- d. The City will review the unrestricted General Fund balance and Revenue Stabilization Fund balance each July. To the extent that the City’s audited financial statements identify a General Fund balance in excess of the target, the excess shall be allocated by the City Council, pursuant to these policies.

2. Encumbrance Commitments

As of December 31, 2014, the City has encumbered amounts that they intend to honor in the subsequent fiscal year for the following governmental funds in the aggregate:

Governmental Funds	
General Fund	\$ 7,394,233
Street Construction Fund	1,435,093
Capital Improvement Fund	8,241,530
Other Governmental Funds	<u>\$ 24,766</u>
 Total Governmental Funds	 <u>\$ 17,095,623</u>

**NOTE 2 - PROPERTY TAXES AND RECEIVABLES**

A. Property Taxes

The county treasurer acts as an agent for property taxes levied in the county for all taxing authorities. Collections are remitted monthly to the appropriate district by the county treasurer.

Property Tax Calendar	
January 1	Tax is levied and becomes 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 tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services.

The City's regular tax levy was approximately \$2. 57 (includes a special \$.50 for Emergency Medical Services) per \$1,000 on a total assessed valuation of \$4,404,126,247 for total taxes of \$11,325,709.

The Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

**B. Receivables**

Amounts are aggregated into single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Below is the detail of receivables for the general and debt service funds and the nonmajor governmental funds in the aggregate, including the applicable allowance for uncollectible accounts:

Receivables	General Fund	LID 93-1 1-5 &		Nonmajor Governmental	Internal Service Fund	Total
		196th Project	33rd Ave W Extension			
Accounts	\$ 19,977,198	\$ 460,918	895,378	722,594	30,076	22,086,164
Property Taxes	14,747	-	-	-	-	14,747
Utility Taxes	919,506	-	-	-	-	919,506
Sales Taxes	3,788,289	-	-	-	-	3,788,289
Other Taxes	-	-	-	358,881	-	358,881
Special Assessments	-	1,815,060	-	-	-	1,815,060
						-
Interest	9,969	138,655	-	-	-	148,624
Gross Receivables	\$ 24,709,709	\$ 2,414,633	\$ 895,378	\$ 1,081,475	\$ 30,076	\$ 29,131,271
Less: Allowance for Uncollectible	(15,476,009)	-	-	(7,215)	-	(15,483,224)
Net Receivables	\$ 9,233,700	\$ 2,414,633	\$ 895,378	\$ 1,074,260	\$ 30,076	\$ 13,648,047

Based on the payment schedule for special assessment receivables, \$1,250,000 of the amount reported in the debt service fund is not expected to be collected within the next year.

**NOTE 3 – DEPOSITS 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 (WPDPC). The FDIC insures the first \$250,000 of the City’s deposits. The deposit balances over \$250,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro rata basis to members of the WPDPC pool in the event the pool’s collateral should be insufficient to cover a loss.

A reconciliation of cash, cash equivalents (including pooled investments and investments) as shown in the government-wide and fund financial statements is as follows:

<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>Amount</b>
US Bank Checking	\$2,766,962
Money Market	86,546
Petty Cash, Change Funds & Advance Travel	29,770
Custodial Accounts	11,860
Local Government Investment Pool*	42,381,395
<b>Total</b>	<b>\$45,276,533</b>

\*This includes \$107,566 of funds for the Transportation Benefit District

As Reflected in the Financial Statements:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Unit	Total
Cash & Cash Equivalents	\$ 27,795,387	\$16,411,960	\$ 44,207,347	\$1,069,186	\$45,276,533

**B. Investments**

The Local Government Investment Pool (LGIP) is an unrated 2a-7 like pool, as defined by GASB 31. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 60 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP’s name. The fair value of the City’s pool investments is determined by the pool’s share price. The City has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of the State Auditor, an independently elected public official. The City includes the

LGIP as an investment for internal tracking, but it is disclosed on the financial statements as a cash equivalent.

As of December 31, 2014, the City had the following investments:

<b>Investments</b>	<b>Fair Value</b>	<b>Maturity Date</b>
Local Government Investment Pool	\$42,381,395	--
Total Fair Value	\$42,381,395	

All surplus cash is invested in accordance with an investment policy approved by Lynnwood City Council. The investment policy is in compliance with state law. State law defines eligible investments to only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250 and 43.84.080). Eligible investments include obligations of the United States government, Treasury and Agency securities, bankers' acceptances, certificates of deposit and repurchase agreements. Additionally, the investment policy sets forth maximum concentration guidelines whereby the City will diversify its investments by security type and issuer.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy applies the prudent person standard: Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment purposes. All Agency securities in our portfolio are rated AAA and the Certificates of Deposit are covered by the FDIC and PDPCA. The Washington State Local Government Investment Pool is a Rule 2a7-like pool and is unrated.

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

**Concentration of credit risk:** Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits its exposure to concentration risk by requiring diversification by type and institution as follows:

<b>Security Type</b>	<b>Portfolio Maximum by Issuer</b>	<b>Portfolio Maximum</b>
US Treasury	100%	100%
Federal Home Loan	50%	50%
Federal National Mortgage Association	50%	50%
Federal Home Loan Mortgage Corp	50%	50%
Federal Farm Credit	50%	50%
Local Government Investment Pool	100%	100%
Certificates of Deposits	25%	50%
General Obligation Bonds of State & Local Governments	20%	20%

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investments to not more than five years. The average maturity will be consistent with the City’s liquidity objective.

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

**C. Interfund Balances**

Loans between funds are classified as either Interfund loans receivable and payable or advances to and from other funds, depending on the time period for which the loan was made. The City uses interfund loans primarily to meet short term and temporary cash flow requirements while waiting for mitigation and grant reimbursements. Advances to and from other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements. An advance or loan agreement of \$1,300,000 was instituted by the Golf Course and the General Fund as authorized by Resolution 2014-17, in order, to maintain sufficient cash flow in the Golf Fund. A five-year repayment was established with the first payment due August 11, 2015. All long term advances have planned repayment schedules.

Interfund balances at December 31, 2014 were, as follows:

Due To	Due From			
	Special Revenue Fund	Capital Projects Funds	Golf Course - Interfund Loan	Total
General Fund	\$ 10,000	\$ 1,190,000	\$ 1,300,000	\$ 2,500,000
Total	\$ 10,000	\$ 1,190,000	\$ 1,300,000	\$ 2,500,000

**D. Interfund Transfers**

Interfund transfers at December 31, 2014 were, as follows:

Transfer From	Transfer To:					Total
	General Fund	Debt Service Funds	Fund 355 33rd Ave W Extention	Capital Projects Funds	Internal Service Funds	
General Fund	\$ -	\$1,812,121	\$ -	\$ 408,000	\$1,306,533	\$ 3,526,654
Debt Service Funds	-	-	-	-	-	-
Special Revenue Funds	2,310,802	-	173,726	405,608	-	2,890,136
Capital Projects Funds	-	-	-	2,666,826	-	2,666,826
Utility Fund	-	-	219,953	1,517,489	-	1,737,442
Internal Service Funds	-	-	-	-	-	-
Agency Funds	-	-	-	-	-	-
Total	\$2,310,802	\$1,812,121	\$ 393,679	\$4,997,924	\$1,306,533	\$10,821,060

Interfund transfers are the flow of assets without a reciprocal return of assets, goods, or services in return. The City uses transfers to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the

funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 5 - CAPITAL ASSETS**

Capital assets consist of land, buildings, improvements, machinery and equipment, infrastructure (e.g., roads, bridges, traffic controls, library collections, and similar items), and intangibles (e.g., computer software and other intellectual property) with an estimated useful life of more than one year. Land is capitalized at cost with no minimum threshold. Buildings, improvements, machinery and equipment and intangibles are capitalized when the cost of an individual item exceeds \$5,000. Assets are valued at actual historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets and infrastructure are valued at their estimated fair value on the date received. Capital assets financed by capital leases are recorded at the present value of lease payments. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. The total amount of interest cost incurred by business-type activities during 2014 was \$580,425 of which \$18,350 was capitalized. The cost of normal maintenance and repair of both governmental and business-type assets is charged to operations as incurred. Capital assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets of the internal service funds are reported with governmental assets in the statement of net position.

Capital assets activity for the year ended December 31, 2014, was as follows:

**City of Lynnwood, Washington**

**Governmental-Type Activity Capital Assets**

**As of December 31, 2014**

<b>Governmental Activities:</b>	Balance 1/1/2014	Prior Period Adjustments	Increases	Decreases	Balance 12/31/2014
Capital assets, not being depreciated:					
Land	\$ 30,159,489	(340,682)	\$ 2,789,875	\$ (373,625)	\$ 32,235,057
Easements	436,742	-	-	-	436,742
Art, non-depreciable	164,517	-	-	-	164,517
Construction in progress	7,695,984	(2,183,246)	4,128,420	(2,262,038)	7,379,120
Total capital assets, not being depreciated	38,456,732	(2,523,928)	6,918,295	(2,635,663)	40,215,436
Capital assets, being depreciated:					
Buildings	45,798,627	-	162,550	-	45,961,177
Improvements other than buildings	40,521,289	(19,586,552)	2,351,691	(5,450)	23,280,979
Machinery and Equipment	18,618,475	(16,586)	1,286,163	(569,010)	19,319,042
Infrastructure	57,681,370	23,151,620	590,987	-	81,423,976
Total capital assets, being depreciated	162,619,761	3,548,482	4,391,391	(574,460)	169,985,174
Less accumulated depreciation for:					
Buildings	(13,700,239)	(16,914)	(1,312,346)	-	(15,029,499)
Improvements other than buildings	(14,735,746)	1,702,564	(1,181,673)	5,450	(14,209,405)
Machinery and equipment	(8,867,499)	(513,676)	(1,282,883)	569,141	(10,094,917)
Infrastructure	(31,293,506)	(1,702,564)	(2,153,085)	-	(35,149,155)
Total accumulated depreciation	(68,596,990)	(530,590)	(5,929,987)	574,591	(74,482,976)
Total capital assets, being depreciated, net	94,022,771	3,017,892	(1,538,596)	-	95,502,198
Governmental activities capital assets, net	\$ 132,479,503	\$ 493,964	\$ 5,379,699	\$ (2,635,663)	\$ 135,717,634

**City of Lynnwood, Washington**  
**Business-Type Activity Capital Assets**  
**As of December 31, 2014**

<b>Business-type activities:</b>	<b>Balance 1/1/2014</b>	<b>Prior Period Adjustments</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/2014</b>
Capital assets, not being depreciated:					
Land	\$ 8,081,444	\$ -	\$ -	\$ (20)	\$ 8,081,424
Easements	4,150,120	-	-	-	4,150,120
Construction in progress	2,393,752	-	1,725,304	(216,252)	3,902,804
Total capital assets, not being depreciated	14,625,316	-	1,725,304	(216,272)	16,134,348
Capital assets, being depreciated:					
Buildings	36,388,159	-	-	-	36,388,159
Improvements other than buildings	1,966,047	(373,969)	20	-	1,592,098
Machinery and equipment	4,089,036	-	780,316	(21,989)	4,847,363
Infrastructure	44,322,475	373,970	502,310	-	45,198,755
Total capital assets, being depreciated	86,765,717	1	1,282,646	(21,989)	88,026,375
Less accumulated depreciation for:					
Buildings	(28,715,213)	(1,238,663)	(573,102)	-	(30,526,979)
Improvements other than buildings	(1,532,902)	(6,532)	(87,284)	375,740	(1,250,978)
Machinery and Equipment	(1,857,495)	(52,957)	(560,664)	285,637	(2,185,479)
Infrastructure	(17,226,546)	(337,287)	(2,289,609)	796,582	(19,056,860)
Total accumulated depreciation	(49,332,156)	(1,635,440)	(3,510,659)	1,457,959	(53,020,296)
Total capital assets being depreciated, net	37,433,561	(1,635,439)	(2,228,013)	1,435,970	35,006,079
Business-type activities capital assets, net	\$52,058,877	(\$1,635,439)	(\$502,710)	\$1,219,698	\$51,140,427

Interest costs capitalized in 2014 for business-type activities:

Interest Expense Capitalization with project(s) in 2014:	\$ 10,259
Interest Expense recorded as CWIP in 2014:	-
Total 2008 Bond Interest Capitalized in 2014:	\$ 10,259
Interest Expense Capitalization with project(s) in 2014:	\$ 324
Interest Expense recorded as CWIP in 2014:	7,768
Total 2010 Bond Interest Capitalized in 2014:	\$ 8,091

Total Interest Expense Capitalized - business-type activities: \$ 18,350

**Discretely Presented Component Unit****Lynnwood Public Facilities District:**

	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
Capital assets, not being depreciated:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Total capital assets, not being depreciated	<u>6,788,800</u>	<u>-</u>	<u>-</u>	<u>6,788,800</u>
Capital assets, being depreciated:				
Buildings	20,551,710	-	-	20,551,710
Intangible Assets	27,500	-	-	27,500
Improvements other than buildings	990,426	67,854	(4,340)	1,053,940
Machinery and equipment	787,079	-	-	787,079
Infrastructure	79,375	-	-	79,375
Total capital assets, being depreciated	<u>22,436,090</u>	<u>67,854</u>	<u>(4,340)</u>	<u>22,499,604</u>
Less accumulated depreciation for:				
Buildings	(4,371,608)	(488,741)	-	(4,860,349)
Intangible Assets	(25,213)	(2,287)	-	(27,500)
Improvements other than buildings	(329,751)	(122,099)	-	(451,850)
Machinery and Equipment	(707,150)	(52,770)	-	(759,920)
Infrastructure	(37,042)	(3,969)	-	(41,011)
Total accumulated depreciation	<u>(5,470,764)</u>	<u>(669,866)</u>	<u>-</u>	<u>(6,140,630)</u>
Total capital assets being depreciated, net	<u>16,965,326</u>	<u>(602,012)</u>	<u>(4,340)</u>	<u>16,358,974</u>
Component Unit capital assets, net	<u>\$ 23,754,126</u>	<u>\$ (602,012)</u>	<u>\$ (4,340)</u>	<u>\$ 23,147,774</u>

- Capital assets are recorded at cost on the date of acquisition (historical value).
- The capitalization threshold is \$5,000 for personal property, buildings/building improvements, infrastructure, facilities and other improvements, software developed for internal use and leasehold improvements.
- As required in GASB No. 34 and No. 35, the PFD is required to depreciate capital assets.
- Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The City of Lynnwood implemented a change in accounting estimates by eliminating its salvage values in its capital assets. The City assigned salvage values to its capital assets, such as, to buildings, infrastructures and vehicles. As such, the cost to dispose the vehicles at the end of their useful lives would likely exceed the scrap value. The costs to demolish the capital assets would likely be more than the recoveries from the scrap. In accordance to GAAFR on Capital Assets and its salvage value, the amounts recovered from its salvage values are minimal. The City positioned itself to assume a \$0 salvage value in its capital assets. With this change in accounting estimates, it impacted the accumulated depreciation and net book values of the capital assets.

Details are, as follows:	
General Governmental	1,041,140
Aggregate Remaining Funds	<u>(\$547,176)</u>
Sub-Total	<u>\$ 493,964</u>
Business Activity-Type – Capital Assets	
Water & Sewer Utility	(1,611,217)
Golf Course	<u>(24,223)</u>
Grand Total	<u>(\$1,141,476)</u>

These prior period adjustments reduced the net position of invested capital assets totaling to \$1,141,476.

## NOTE 6 – OPERATING LEASES

### Office, Warehouse, Storage Space, and Access Lease

The City leases office, warehouse, storage space, and property/land access are under non-cancellable operating leases. Total costs for these leases for the year ending December 31, 2014 was \$251,751 in governmental activities and \$70,220 in business-type activities. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2015	\$ 254,047	\$ 70,370
2016	179,111	24,882
2017	148,903	5,480
2018	24,908	5,644
2019	-	5,814
2020-2023	-	25,052
	<u>\$ 606,968</u>	<u>\$ 137,242</u>

### Printers and Copiers

The City leases many office printers and copiers under non-cancellable operating leases. These leases have changed to cancelable leases after 2015. Total costs for these leases for the year ending December 31, 2014 was \$16,468 in governmental activities and \$42,543 in business-type activities. The future minimum lease payments for the non-cancellable lease is, as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2015	\$ 280	\$ -
2016	-	-
2017	-	-
2018	-	-
	<u>\$ 280</u>	<u>\$ -</u>

Golf Carts

The City leases 22 Yamaha golf carts under non-cancellable operating leases. Premier Golf Centers, LLC. assumed responsibility for the operations of our Golf Course January 1, 2014, this lease was transferred to them.

**NOTE 7 - LONG-TERM DEBT**

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the Debt Service Funds. Debt service for voter-approved issues is funded with special property tax levies. Debt service for City Council authorized (councilmanic) issues is funded from the Real Estate Excise Tax Fund and the General Fund.

Revenue Bonds are payable from revenues generated by the Water and Sewer Utility Fund.

Special Assessment operations are financed by bonds and notes issued after construction has been completed. Interfund loans are utilized for short-term financing and are subsequently repaid when bond proceeds have been received. Bond debt service is paid from assessment collections. LID bonds are callable at par each year without penalty. Although the bonds are secured by liens against assessed properties, the City is also required under State law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID Control Fund to do so. Due to the City's legal obligation to maintain the guaranty fund, special assessment bonds are considered a general government obligation. At December 31, 2014 delinquent special assessments totaled \$2,893 including penalties.

**A. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014:

	BALANCE 1/1/2014	PLUS ADDITIONS	LESS REDUCTIONS	BALANCE 12/31/2014	CURRENT PORTION
<b>GOVERNMENTAL ACTIVITIES:</b>					
General obligations bonds	\$ 26,673,142	\$ -	\$ 854,964	\$25,818,178	\$ 847,706
Special assessment bonds	2,125,000	-	455,000	1,670,000	420,000
Subtotal	\$ 28,798,142	\$ -	\$ 1,309,964	\$ 27,488,178	\$ 1,267,706
OPEB & Firefighter Pension Fund	2,762,280	588,325	-	3,350,605	-
Compensated absences *	4,325,422	213,695	-	4,539,117	1,098,196
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 35,885,844</b>	<b>\$ 802,020</b>	<b>\$ 1,309,964</b>	<b>\$ 35,377,900</b>	<b>\$ 2,365,902</b>
<b>BUSINESS TYPE ACTIVITIES:</b>					
Revenue bonds	\$ 12,410,000	\$ -	\$ 540,000	\$ 11,870,000	\$ 555,000
Compensated absences	348,481	-	79,896	268,585	76,031
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>	<b>\$ 12,758,481</b>	<b>\$ -</b>	<b>\$ 619,896</b>	<b>\$ 12,138,585</b>	<b>\$ 631,031</b>

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the debt service funds. The General Fund has been used in prior years to liquidate the OPEB and Firefighter's Pension fund obligations.

Internal Service funds predominantly serve the governmental funds. Accordingly, long term liabilities related to internal service funds are included as part of the above totals for governmental activities. At year end, \$53,238 of internal service funds compensated absences are included in the above amounts. Also, for governmental activities, claims, judgments and compensated absences are generally liquidated by the general fund. Compensated absences are also supplemented by a small percentage of the Street Fund.

Long-term debt at December 31, 2014 consisted of the following:

#### GENERAL OBLIGATIONS BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/2014	CHANGES	12/31/2014
2005 GO. Bonds (800 Mhz)	3.0-5.0	2005	2019	\$ 1,519,147	\$ 726,103	\$ (107,925)	\$ 618,178
State Capital Loan *	4.03673	2004	2014	534,295	32,037	(32,037)	-
2009 GO. Refund Bonds	3.0-4.0	2009	2017	4,640,000	1,245,000	(290,000)	955,000
2012 GO. Bonds (Rec Ctr)	2.0-4.0	2012	2037	24,955,000	24,670,000	(425,000)	24,245,000
Total General Obligation Bonds				\$ 31,648,442	\$ 26,673,140	\$ (854,962)	\$ 25,818,178

\*State Capital Asset Loan pledging non-voted GO Debt Capacity.

#### REVENUE BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/2014	CHANGES	12/31/2014
2008 Utility Improvement Refunding Bonds	4.0-5.0	2008	2027	\$ 10,000,000	\$ 4,690,000	\$ (255,000)	\$ 4,435,000
2010 Utility System Revenue Bonds	2.0-4.0	2010	2030	7,720,000	7,720,000	(285,000)	\$7,435,000
Total Revenue Bonds				\$ 17,720,000	\$ 12,410,000	\$ (540,000)	\$ 11,870,000

#### SPECIAL ASSESSMENT BONDS

ISSUE NAME	% INT. RATES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING		
					1/1/2014	CHANGES	12/31/2014
1999 LID Bonds	4.10-6.40	1999	2021	\$ 11,544,287	\$ 2,125,000	\$ (455,000)	\$ 1,670,000
Total Special Assessment Bonds				\$ 11,544,287	\$ 2,125,000	\$ (455,000)	\$ 1,670,000

#### REQUIREMENTS TO AMORTIZE THE DEBT OUTSTANDING

The annual total requirements to amortize the debt outstanding for general obligation, revenue bonds, special assessment and installment notes payable as of December 31, 2014, including interest, are as follows:

YEAR ENDING 12/31	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2015	1,267,706	1,066,535	555,000	460,163	3,349,404
2016	1,278,171	1,010,839	570,000	443,763	3,302,773
2017	1,288,636	953,581	590,000	423,913	3,256,130
2018	1,289,100	896,229	615,000	399,400	3,199,729
2019	1,089,565	834,125	625,000	374,950	2,923,640
2020-2024	4,635,000	3,647,613	3,590,000	1,513,800	13,386,413
2025-2029	5,475,000	2,810,563	4,350,000	731,000	13,366,563
2030-2034	6,565,000	1,714,638	975,000	39,000	9,293,638
2035-2037	4,600,000	372,800	0	0	4,972,800
	\$27,488,178	\$13,306,923	\$11,870,000	\$4,385,989	\$57,051,090

At December 31, 2014, the City has \$165,104 available in debt service funds to service the general obligation bonds. Additionally, there is \$1,143,605 in restricted assets of the Water and Sewer Utility Fund. These represent sinking funds and reserve requirements as contained in the various bond indentures.

### General Obligation Bonds

The City has one LOCAL loan, dated June 15, 2004, in the amount of \$534,295, which is being used to finance the second phase of the City's Energy Conservation Project that included lighting retrofit, HAVAC control upgrade and water conservation enhancements. The interest rate is 4.03673% over a period of ten years. The City pledged its non-voted debt capacity for this loan. The final principal and interest payment for this loan will be paid in 2014.

The Limited Tax General Obligation Refunding Bonds Series 2009A and 2009B were issued in April 2009 for the purchase of software, equipment for police vehicles and golf course equipment. Proceeds were also used to refund the City's outstanding Limited Tax General Obligation Refunding Bonds, 1996 and Limited Tax General Obligation Bonds, 1998. Annual principal payments range from \$290,000 to \$995,000 with interest varying from 3% to 4% payable semi-annually. The final principal and interest payment for Series 2009A was paid in 2013, and for Series 2009B will be in 2017. The City expensed bond premiums in the year of issuance instead of amortizing them over the life of the bonds.

The Snohomish County Emergency Radio System (SERS) was formed in 1999 to provide enhanced emergency communication services to Snohomish County. SERS was created via an interlocal agreement among the cities of Brier, Edmonds, Everett, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Snohomish County. Snohomish County Fire District No. 1 joined after the original formation. SERS is a joint venture with each entity's equity interest reported on its financial statements. See Note 12-Joint Ventures for additional information. Snohomish County issued \$27,125,000 of limited tax general obligation bonds on October 20, 1999 for multiple purposes, including funding participation in SERS. The City of Lynnwood's original participation was in the amount of \$1,795,107. Snohomish County refunded these bonds in 2005, including the City's participation amount of \$1,519,147. The City reports these bonds as 2005 general obligation bonds. The bonds are amortized over 15 years with interest payable semi-annually.

On February 27, 2012 the City issued 25-year Limited Tax General Obligation Bonds for renovating, improving and expanding the City's Recreation Center in the amount of \$24,955,000. Annual principal payments range from \$285,000 to \$1,595,000, with interest varying from 2.0% to 4.0%, paid semi-annually. The final principal and interest payment is scheduled for 2037. The City expensed bond premiums in the year of issuance instead of amortizing them over the life of the bonds.

### Revenue Bonds

The 2010 Utility System Revenue Bonds were issued on November 9, 2010. The proceeds from the sale of the bonds are to be utilized to carry out the Plan of Additions, which is a portion of the capital improvement plan. Some of the projects included in the Plan of Additions are general System improvements consisting of the installation of a computerized monitoring and control system; water improvements including meter, fire hydrant and water main replacements; sewer improvements consisting of upgrades to the main plant drain station and the treatment plant; and storm water improvements including storm basin studies and transportation and storm pipe replacement. A portion of the proceeds also funds issuance and reserve costs associated with the sale. Annual principal payments range from \$150,000 to \$4,855,000 with interest varying from 2% to 4%. Revenue is provided by the City's Utility Fund by adjusting rates for water, sewer, and storm water services. These bonds carry a Standard and Poor's rating of AA.

The 2008 Utility System Improvement and Refunding Bonds were issued on March 24, 2008. Proceeds were used to advance refund all of the City's outstanding Water and Sewer Revenue and Refunding Bonds, 1996, part of the cost of carrying out a portion of the plan of additions as well as to pay for administrative and issuance costs. Annual principal payments range from \$255,000 to \$1,170,000 with interest varying from 2.52% to 5.0% payable semi-annually. Revenue is provided by the City's Waterworks Utility Fund by adjusting rates for water and sewer services. These bonds carry a Standard and Poor's rating of AA.

### Contingent Liability for Public Facilities District (PFD) non-exchange transaction.

The Lynnwood Public Facilities District (discrete component unit of the City of Lynnwood) issued bonds December 15, 2004 in the amounts of \$1,930,000, \$10,000,000, and \$17,265,000. These bonds were used to purchase the property and construct the Lynnwood Convention Center. The City is contingently liable for these bonds. Final principal and interest payments of these bonds will be made in 2034. (Please see Note 15 Subsequent Events about the refunding of these bonds.)

In reference to GASB 70, it is not required for the City of Lynnwood to include the PFD's debt in its own financial statements as a liability unless the PFD gets into a position that it may not be able to make its debt service payments. (Please see Note 1 Discretely Presented Component Unit about its capacity of paying these bonds).

## **B. DEBT LIMIT CAPACITY**

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

### Segment 1 – General Governmental Purposes

The City can incur debt up to one and one-half percent (1.5%) of its assessed valuation solely with a vote of the legislative body (often referred to as "councilmanic" debt). To use the remaining one percent (1%), a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election is required.

### Segment 2 – City-Owned Water and Sewer Purposes

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

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

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

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	Without Vote (Councilmanic) 1.5%	With Vote 1.0%	With Vote 2.5%	With Vote 2.5%
Legal Limits	\$66,061,894	\$44,041,262	\$110,103,156	\$110,103,156
Net Outstanding Indebtedness	(\$37,325,836)			
Margin Available	\$28,736,058	\$44,041,262	\$110,103,156	\$110,103,156

*Tax year 2014 assessed value of \$4,404,126,247 was used for this calculation.*

**Bond Ratings**

At December 31, 2014, the City held the following bond ratings:

<u>Bond Type</u>	<u>Standard &amp; Poor's</u>
General Obligation	AA+/Stable
Revenue - Utility	AA/Stable

Standard and Poor's (S&P) raised the City's existing limited general obligation from "A+" to "AA+" in 2014. They noted Lynnwood's strong local retail and small business based economy, overall budgetary flexibility and performance, liquidity (cash) position, favorable debt profile, and management conditions with good financial management practices.

**NOTE 8 - PENSION PLANS**

Substantially all City of Lynnwood 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 retirement plans.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, WA 98504-8380  
 or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov)

The following disclosures are made pursuant to the GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*, the GASB Statement 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27 and GASB Statement 67*.

#### **A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2, AND 3**

##### Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2% of the average final compensation (AFC) per year of service, but the benefit may not exceed 60% of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2% of the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually.

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

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3% for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5% to 15% of salaries, based on member choice. Members who do not choose a contribution rate default to a 5% rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction

with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3% for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5% for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2% of the AFC per year of service. For Plan 3, the monthly benefit amount is 1% of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3% annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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

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

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Members Non-vested	101,191
<b>Total</b>	<b>368,272</b>

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6% for state agencies and local government unit employees, and at 7.5 % 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5% to 15%.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members Not Participating in JBM:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	0.0%****

\* The employer rates include the employer administrative expense fee currently set at 0.18%.

\*\* The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

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

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Gov't Units*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Gov't Units	12.26%	12.30%	7.50%***

\* The employer rates include the employer administrative expense fee currently set at 0.18%.

\*\* Plan 3 defined benefit portion only.

\*\*\*Minimum rate.

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

	PERS Plan 1*	PERS Plan 2	PERS Plan 3
2014	\$ 14,412	\$ 1,199,741	\$ 144,949
2013	\$ 23,982	\$ 1,075,419	\$ 113,042
2012	\$ 29,308	\$ 927,106	\$ 87,117

\*PERS Plan 1 trend is lower as employees retired from this program.

**B. LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2**

Plan Description

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

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

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

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent

compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

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

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

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

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

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

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2% of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53.

A disability benefit equal to 70% of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

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

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

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Non-Vested	1,600
<b>Total</b>	<b>29,640</b>

#### Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates 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 recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special

funding situation is not mandated by the state constitution and could be changed by statute. For DRS' Fiscal Year 2014, the state contributed \$54.2 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

\*The employer rates include the employer administrative expense fee currently set at 0.18%.

\*\* The employer rate for ports and universities is 8.59%.

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

	LEOFF Plan 1	LEOFF Plan 2
2014	\$ 187	\$ 671,133
2013	\$ 187	\$ 627,743
2012	\$ 322	\$ 612,960

### C. PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

#### Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

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

PSERS membership includes:

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

*Covered employers* include:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

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

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2013, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	43
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	119
Active Plan Members Vested	4,513
Active Plan Members Non-vested	1,383
<b>Total</b>	<b>6,058</b>

Funding Policy

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	<b>PSERS Plan 2</b>
Employer*	10.54%
Employee	6.36%

- The employer rate includes an employer administrative expense fee of 0.18%.

Both the City and the employees made the required contributions. The City’s required contributions for the years ended December 31, 2014 were as follows:

	<b>PSERS Plan 2</b>
2014	\$ 67,189
2013	\$ 53,864
2012	\$ 43,137

**D. FIREMEN'S PENSION FUND (FPF) – Single Employer Plan**

**Summary of Significant Accounting Policies**

The financial statements for the Firemen’s Pension Fund (FPF) are prepared in conformity with the standards set by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Interest income is recognized when earned. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

Separate financial statements are not issued for the FPF. The statement of fiduciary net position and the statement of changes in fiduciary net position for the fire pension plan can be found in the Trust and Agency Section of the Basic Financial Statements. The notes to the FPF provide detailed disclosures related to GASB Statements 27, 50, and 67. During the reporting year of 2014, the City of Lynwood’s Statement of Net Position reported the required Net Pension Obligation asset as a result of GASB 27 and 50 standards. GASB Standard 67, as noted in Note 14 – Accounting and Reporting Changes, requires the reporting of updated standards and the recognition of a net pension liability.

**Plan Description**

Plan administration. The City is the administrator of the Firemen's Pension System, which is shown as a pension trust fund in the City's financial statements. The Firemen's Pension System is a single-employer,

closed defined benefit pension system that was established in conformance with Revised Code of Washington (RCW) Chapter 41.18. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established.

Management of the Firemen's Pension System is vested in the Pension Board which consists of the Mayor (Chair), Finance Director, Treasurer, two firefighters (active or retired) to be elected by the firefighters subject to the jurisdiction of the board, and one alternate. Board members serve two-year terms.

Plan membership. At December 31, 2014, pension plan membership consisted of four (4) inactive plan members and one (1) surviving spouse for a total of five (5) members currently receiving benefits. The pension plan is closed to new entrants.

Benefits provided. The City's liability under the Firemen's Pension System consists of all benefits, including payments to beneficiaries, for firemen retired prior to March 1, 1970, and excess benefits over amounts provided by LEOFF for covered fire fighters retired after March 1, 1970. Under the Firemen's Pension System, eligible fire fighters may retire at age 50 with 25 years of service. Death and disability benefits are also provided, as established under the governing State law. Individuals who terminate employment prior to retirement may withdraw their contributions to the plan plus accumulated interest, but by doing so, forfeit their rights to future pension benefits.

Funding. The Authority under which benefit terms were established, may be amended, and the types of benefits provided through the Firefighters' Pension Fund lies with the Revised Code of Washington (RCW) 41.16 and 41.18, the statutes establishing FPF, and RCW 41.26, the statute establishing the Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF).

Contributions to the fund currently include the following sources, as described in RCW.41.16.050:

1. Bequests, fees, gifts, emoluments or donations.
2. Forty-five percent of all monies received by the State from taxes on fire insurance premiums, prior to January 1, 2000. Twenty-five percent after January 1, 2000.
3. Taxes paid pursuant to the provisions of R.C.W.41.16.060 require that each municipality levy up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the Fund.
4. Interest on the investments of the Fund.
5. Contributions by firefighters as provided herein.

### **Investments**

As of December 31, 2014 the FPF had \$570,066 in cash and cash equivalents invested in the City's internal investment pool. Investments in the City's internal investment pool are invested in the Washington State Treasurer Local Government Investment Pool (LGIP), a Rule 2a-7 money market type fund with an average portfolio maturity of less than 91 days. All investments are valued at fair market value. Investment activities of the FPF are comingled with the City of Lynnwood treasury and therefore are included in the City's investment policy addressed in Note 3 B.

As of December 31, 2014 the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 0.09 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

**Net Pension Liability of the City**

The components of the net pension liability of the City at December 31st were as follows:

Total pension liability	\$ 1,219,074
Plan fiduciary net position	<u>615,392</u>
City's net pension liability	<u>\$ 603,682</u>
Plan fiduciary net position as a percentage of the total pension liability	50.48%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2014, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

	December 31, 2013	December 31, 2014
Discount Rate	3.75%	3.50%
Long-Term expected rate of return, net of investment expense	3.75%	3.50%
Municipal bond rate	N/A	3.50%
Valuation Date	January 1, 2014	January 1, 2014
Measurement Date	December 31, 2013	December 31, 2013
Inflation	2.50%	2.50%
Salary increases including inflation	3.50%	3.50%
Mortality	RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Projection Scale AA, with ages set back one year for males and forward one year for females (set forward two years for disabled members)	RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Projection Scale AA, with ages set back one year for males and forward one year for females (set forward two years for disabled members)
Actuarial cost method	Entry Age Normal	Entry Age Normal

The long-term expected rate of return on pension plan investments was determined by combining expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2014 are as follows:

Asset Class	Index	Long-Term Expected Real Rate of Return
Cash	Citigroup 90-Day T-Bills	0.54%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	1.52%
Long-Term Bonds	Barclays Long Gov/Cred	2.98%
Assumed Inflation - Mean		2.25%
<b>Long-Term Expected Rate of Return</b>		<b>3.50%</b>

The discount rate used to measure the total pension liability was 3.50 percent. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. The Bond Buyer General Obligation 20-year municipal bond index as of December 31, 2014 is 3.56 percent. Rounding this to the nearest 1/4 percent results in the discount rate of 3.50 percent.

Sensitivity Analysis. The following presents the net pension liability of the City, calculated using the discount rate of 3.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total pension liability	\$1,365,534	\$1,219,074	\$1,095,402
Fiduciary net position	615,392	615,392	615,392
Net pension liability	750,142	603,682	480,010

**E. DEFERRED COMPENSATION PLAN**

The City offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

As noted in Statement No. 32, GASB “does not regard Section 457 plans as pension plans because there are no required *employer* contributions to the plans; they are more in the nature of tax-deferred employee savings plans.”

The City has placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The plan is administered by the ICMA Retirement Corporation. The City has little administrative involvement, does not hold the assets in a trustee capacity, and does not perform fiduciary accountability for the plan. Therefore, the City employee’s deferred compensation plan created in accordance with IRC 457 is not reported in the financial statements of the City.

**F. FIREFIGHTER’S SUPPLEMENTAL RETIREMENT PLAN**

The City offers an additional supplemental retirement plan for firefighters, per negotiated labor contract. The City contributes up to 6.2% of an employee’s base salary to their existing deferred compensation plan provided the employee matches at least 67% of the employer’s contribution; such that, for example for every dollar contributed to the plan, a minimum of forty cents (\$.40) shall be contributed by the employee. The City’s fiscal year 2013 contributions to the plan totaled \$323,802.

**G. RETIREE HEALTH SAVINGS PLAN**

The City offers a Retiree Health Savings (RHS) Plan for certain employees, per negotiated contracts. The plan is administered by the ICMA Retirement Corporation. The RHS plan provides tax-free savings for payment

of medical expenses eligible under Internal Revenue Code (IRC) Section 213, other than direct long-term care expenses. Participants contribute 1% of their earnings to this account, and are eligible to receive benefits upon reaching age 55. In addition, upon termination of employment any accumulated sick leave payout for these employees is deposited to their RHS plan, in accordance with the limits disclosed in Note 1. M. Compensated Absences.

## NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

In accordance with the Revised Code of Washington (RCW) 41.26, the City provides post-retirement health care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired prior to October 1, 1977. The plan is a closed, single-employer defined benefit healthcare plan administered by the City. The City provides medical, vision, and long-term care insurance, and reimburses for all Board approved claims for medical, dental, vision, and hospitalization costs not covered by standard benefit plan provisions. As of December 31, 2013, there were 48 retirees and no active LEOFF 1 employees. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report. The plan does not issue stand-alone financial statements. The date of the last actuarial valuation financial report prepared by Milliman was January 1, 2014.

### Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements. The plan member is not required to contribute to the cost of the plan.

### Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

For GASB purposes, the Annual Required Contribution (ARC) was calculated using the Entry Age Normal Cost Method, one of the acceptable actuarial funding methods. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age.

### GASB Statement No. 45 Annual OPEB Cost and Net OPEB Obligation

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Annual required contribution (ARC)			
1. Annual Normal Cost (BOY)	\$ 22,894	\$ 22,894	\$ 0
2. Amortization of UAAL (BOY)	1,272,720	1,272,720	1,421,340
3. Interest to EOY [(1) + (2)] x (i)*	51,825	51,825	53,300
4. ARC at EOY [(1)+(2)+(3)]	\$ 1,347,439	\$ 1,347,439	\$ 1,474,640
5. Interest on Net OPEB Obligation	\$ 67,847	\$ 84,494	95,592
6. Adjustment to ARC	102,043	130,015	157,048
7. Annual OPEB Cost [(4)+(5)-(6)]	\$ 1,313,243	\$ 1,301,918	\$ 1,413,184
8. Employer Contributions	897,063	865,145	868,971
9. Change in Net OPEB Obligation [(7)-(8)]	416,180	436,773	544,213

10. Net OPEB Obligation at BOY [(11) prior year]	\$ 1,696,167	\$ 2,112,347	\$ 2,549,120
11. Net OPEB Obligation at EOY [(9)+(10)]	\$ 2,112,347	\$ 2,549,120	\$ 3,093,333

\* *i* is the assumed interest rate that year: 4.00% in 2012, 4.00% in 2013, and 3.75% in 2014.

The net OPEB obligation of \$3,093,333 (FY 2014) is included as a noncurrent liability on the City's Statement of Net Position.

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2013 and 2014 were, as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Contribution as a Percentage of Annual OPEB Cost</u>	<u>Net OPEB Obligation</u>
December 31, 2012	\$ 1,313,243	68%	\$2,112,347
December 31, 2013	1,301,918	66%	2,549,120
December 31, 2014	1,413,184	61%	3,093,333

### **Funded Status and Funding Progress**

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$23,071,000 and the actuarial value of the assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$23,071,000. Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City on a pay-as-you-go basis.

As of January 1, 2011 (the date of the previous valuation), the present value of retiree medical benefits was determined to be \$21.683 million. The total present value of \$23.071 million was 7% higher than expected. The primary reason for the liability increase was the new excise tax for "Cadillac" health plans in 2018 and beyond.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

### **Actuarial Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The assumptions used by Milliman for the January 1, 2014 actuarial valuation include the following:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	30-year, closed as of January 1, 2008
Remaining Amortization Period	24 years
Investment Rate of Return	3.75%

Medical Trend	<u>Year</u>	<u>Medical Cost Rate</u>
	2014-2015	6.9% - 7.0%
	2015-2016	6.0%
	2016-2017	6.1% - 6.2%
	2017-2018	5.8%
Medical Trend	<u>Year</u>	<u>Medical Cost Rate</u>
	2018-2019	5.9%
	2019-2025	5.8%
	2025-2031	5.7%
	2031-2036	5.6%
Long-Term Care Inflation Rate	4.75%	
Dental Trend	5.0	

**Association of Washington Cities Employee Benefit Trust**

*Trust Description.* The City is a participating Employer in the Association of Washington Cities Employee Benefit Trust (“Trust”), a cost-sharing multiple employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and nature of the medical and other benefit provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the Trust document, may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

*Funding Policy.* The Trust provides that contribution requirements of Participating Employer and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute the following monthly amounts:

**AWC HealthFirst® 1000**

Health First – 1000

\$830.01 for non-Medicare enrolled retiree coverage

\$837.26 for non-Medicare enrolled spouse coverage

\$443.30 for Medicare enrolled retiree coverage

\$456.13 for Medicare enrolled spouse coverage

\$234.71 for Medicare enrolled first child coverage

\$185.62 for Medicare enrolled second child coverage

**AWC HealthFirst® 2500**

\$724.72 for non-Medicare enrolled retiree coverage

\$729.99 for non-Medicare enrolled spouse coverage

\$388.08 for Medicare enrolled retiree coverage

\$398.04 for Medicare enrolled spouse coverage

\$205.19 for Medicare enrolled first child coverage

\$162.43 for Medicare enrolled second child coverage

Participating Employers are not contractually required to contribute an assessed rate each year by the Trust for the non-LEOFF I retirees. The retiree pays for 100% of the premium.

The City’s contributions to the Trust for the year ended December 31, 2014 was \$670,529. The City covers also medical benefits for LEOFF retirees beyond allowable medical charges by the Trust. As such, the City’s additional contributions aggregate to \$119,524 in 2014.

**NOTE 10 – RISK MANAGEMENT**

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

The City combines the reporting of risk management activities into one internal service fund – the Self Insurance Fund No. 515 – to account for and finance uninsured risks. All departments of the City make payments through Interfund assessments to the self-insurance fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

The City of Lynnwood is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2014, there are 223 members in the program.

The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including Automobile Comprehensive, and Collision; Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Canfield that is subject to a per-occurrence self-insured retention of \$100,000. The City's deductible is \$25,000 for each claim (deductible may vary per member), while the program is responsible for the remaining \$25,000 of the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the pool self-insured retention. The program also purchases a Stop Loss Policy, with an attachment point of \$3,259,396, to cap the total claims paid by the program in any one year.

Lynnwood purchased property insurance outside of the CIAW pool. Property coverage is purchased from Travelers Insurance Company. Property insurance is subject to a per-occurrence deductible of \$25,000 except a deductible of \$100,000 applies to covered Flood losses and a deductible of 5% of the value of damaged property, subject to a \$100,000 minimum deductible applies to covered Earthquake losses. Two additional insurers provide additional limits in excess of the limit provided by Travelers.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. On July 21, 2014, the Board passed a resolution changing the CIAW's renewal date from September 1st to December 1st beginning with the 2014-15 policy term. Premiums were pro-rated for the extension period. Invoices and certificates were issued accordingly. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment, administration, and loss, prevention

for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2014, were \$1,817,654.59.

The City and its employees contribute to the State of Washington's Department of Labor and Industries for workers' compensation. There were no settlements in excess of coverage in any of the prior three years.

**CITY OF LYNNWOOD INSURANCE IN FORCE AS OF DECEMBER 31, 2014**

<u>INSURANCE COMPANY/COVERAGE</u>	<u>POLICY NUMBER</u>	<u>AMOUNT OF COVERAGE</u>
CIAW/Brit Insurance & Torus Specialty Policy Effective Dates: 9/1/13 – 12/1/1 with 3 month extension endorsement	CIAW131434510	
Commercial General Liability General Liability, Law Enforcement Liability, Vehicle Liability Liability Deductible: \$75,000  Auto Physical Damage Deductible: \$100,000.		\$10,000,000
Wrongful Acts Liability Public Official's Liability, Employment Practices Liability, Sexual Harassment Deductible: \$75,000		\$10,000,000
Crime Employee Theft Forgery or Alteration Theft of Money & Securities/Inside Theft of Money & Securities/Outside Deductible: \$100,000		\$900,000 \$900,000 \$900,000 \$900,000
Traveler's Insurance Company Policy Effective Dates: 4/23/14 – 4/23/15 Hudson Specialty Insurance Co. Excess Earthquake Policies	KTKCMB9C897 08-2-14  Policy # HCS100805 & H-14-D2854	
Primary Property Insurance Limit other than Flood and Quake Deductible Flood Limit Flood Deductible Earthquake Limit Earthquake Deductible	5% of the value of the property damaged/\$100,000 Minimum	\$100,000,000 \$25,000 \$5,000,000 \$100,000 \$5,000,000
National Union Fire Insurance Company Policy Effective Dates: 1/1/14 – 1/1/15 Accidental Death or Dismemberment For the Council Members & the Mayor	GTP9121822	\$150,000

**CITY OF LYNNWOOD INSURANCE IN FORCE AS OF DECEMBER 31, 2014**

<u>INSURANCE COMPANY/COVERAGE</u>	<u>POLICY NUMBER</u>	<u>AMOUNT OF COVERAGE</u>
National Union Fire Insurance Company Police Effective Dates: 4/20/13 – 4/20/14 Volunteer Accidental Death or Dismemberment Volunteer Medical Benefits Deductible: \$250	SRG 9118452A	\$25,000 \$2,500
Great American Insurance Company Policy Effective Dates: 2/11/14- 2/11/15 Storage Tank Pollution Liability – Scheduled Storage Tanks Deductible: \$5,000	BTA9989008-00 Each claim/\$1,000,000 aggregate	
Navigators Specialty Insurance Company Police Effective Dates: 2/25/14 - 2/25/15 Environmental Impairment Liability - Treatment Plant Deductible: \$25,000	SF14ESP0A4C2QNC \$1,000,000 each claim/\$5,000,000 aggregate	

**NOTE 11 – CONTINGENCIES AND LITIGATIONS**

In the normal course of its various operations, the City is involved in lawsuits and is the recipient of claims for damages alleging that the City is responsible for damages incurred by third parties. Claims and/or litigation arise in areas such as building, zoning, sewer construction and other land-use regulations, as well as other areas. These claims or lawsuits are relatively natural consequences of conducting the City's business. Please refer to Risk Management on Note 10.

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

As discussed in Note 7, *Long-Term Debt*, as of December 31, 2014, the City is contingently liable for \$26,308,404 of 2004 variable rate Revenue and Sales Tax bonds issued by the Public Facilities District. Please see the Reporting Entity section of Note 1 for more details.

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

**NOTE 12 - JOINT VENTURES**Joint Recreation Facilities

The City of Lynnwood, the City of Edmonds, Snohomish County and Edmonds School District No. 15 entered into an agreement to develop Meadowdale Playfields and Recreation Complex. The Edmonds School District provided a 25-acre site adjacent to Meadowdale Elementary, Meadowdale Middle School and Meadowdale High School. The City of Lynnwood was responsible for the construction and maintenance of the complex and bills 50% of the associated costs to the City of Edmonds on a quarterly basis. The ownership, based on total costs, is as follows:

Edmonds School District No. 15 - land	\$1,000,000	33%
Snohomish County - construction contribution	150,000	5%
City of Lynnwood - construction cost	940,000	31%
City of Edmonds - construction cost	940,000	31%

This joint venture is not a separate entity therefore there are not financial statements available for 2014.

Snohomish County Emergency Radio System

The Snohomish County Emergency Radio System (SERS) was formed in 1999 via an interlocal agreement among the cities of Brier, Edmonds, Everett, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Snohomish County to provide enhanced emergency communication services to Snohomish County. Snohomish County Fire District No. 1 joined after the original formation. SERS is responsible for design, development, financing, acquisition, operation, maintenance, and repair of the 800-megahertz emergency radio system. A 10-member Board of Directors is appointed by the cities and County to govern SERS. Each of the cities and the County are represented in the Board. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

Snohomish County issued limited tax general obligation bonds in 1999 for funding participation in SERS. The City of Lynnwood's original funding participation was in the amount of \$1,795,107. In 2005 Snohomish County refunded these bonds, with the City's refunded participation amount being \$1,519,147. See Note 7 Long-Term Debt for additional information.

The City of Lynnwood's net equity interest in SERS as of December 31, 2014 is \$559,292.

2014 Equity As of 12/31/14 Members	Beg Bal Net Equity Interest	Change in Equity Phase 1	Change in Equity Phase 2	Change in Equity O&M	Change in Equity RR	Change in Equity ER&R	End Bal Net Equity Interest
Edmonds	\$ 461,108	\$ (54,096)	\$ -	\$ 35,085	\$ (989)	\$ 11,477	\$ 452,585
Fire District 1	422,157	(51,286)		32,545	(917)	10,646	413,146
Lynnwood	570,672	(65,422)		41,605	(1,172)	13,610	559,292
Marysville	423,721	(43,689)		58,960	(1,661)	19,287	456,618
Mill Creek	142,926	(16,523)		15,647	(441)	5,118	146,727
Mountlake Terrace	278,445	(32,869)		20,770	(585)	6,794	272,555
Snohomish County	6,876,651	(163,289)	(342,741)	487,609	(13,739)	159,506	7,003,996
Woodway	17,517	(2,231)		1,207	(34)	395	16,854
Brier	83,194	(9,926)		5,190	(146)	1,698	80,009
Everett	1,764,755	(196,807)		140,616	(3,962)	45,998	1,750,600
Mukilteo	249,652	(28,758)		16,824	(474)	5,503	242,747
Total	\$ 11,290,798	\$ (664,896)	\$ (342,741)	\$ 856,058	\$ (24,120)	\$ 280,032	\$ 11,395,129

## Notes:

- Amounts are rounded to nearest dollar
- Any change to these amounts that may arise as a result of SERS' audit cannot be reasonably determined at this time, although it is believed the would not be material.
- Source: Snohomish County Finance

Southwest Snohomish County Public Safety Communications Agency

The City of Lynnwood participates in a single joint venture with other local governments in the “*Southwest Snohomish County Public Safety Communications Agency*,” (SNOCOM) a public non-profit corporation formed in 1971 and incorporated in 2014. The purpose of SNOCOM is to provide public safety communications, records retention and usage and other board approved functions.

SNOCOM was established via an interlocal agreement between the City of Lynnwood, six other cities and Snohomish County Fire District 1 all located within the county. Each member city and the Fire District provide voting members to the SNOCOM board of directors. The purpose of SNOCOM is to provide communications and dispatching for public health and safety services in Southwest Snohomish County.

The Cities of Brier, Edmonds, Lynnwood, Mill Creek, Mountlake Terrace, Mukilteo, Woodway and Fire District 1 are jointly responsible for the financing of SNOCOM. The interlocal agreement details clearly an allocation formula that determines each member's share in the joint venture and its reported equity interest in their respective financial statements. It incorporates each agency's population, assessed value and usage of 911 calls for service. Each member provides a voting representative to SNOCOM governing board of directors. The SNOCOM board has the authority to approve project expenditures and adopt SNOCOM budget.

At December 31, 2014, the City of Lynnwood owned an equity interest in the SNOCOM joint venture of \$1,033,754. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2014. The equity interest is adjusted to the extent of revenues and expenditure transactions occurring between the City of Mountlake Terrace and SNOCOM as recorded in the City of Mountlake Terrace's financial system. The City of Mountlake Terrace, who acts as the entity's fiscal agent under the Interlocal Agreement for Financial Services signed on November 25, 2009, prepares the unaudited financial information. Separate financial statements for the Snohomish County Public Safety Communication Agency can be obtained from the City of Mountlake Terrace, Finance Department, 6100 219th St SW, Suite 200, Mountlake Terrace, WA 98043.

2014 Equity Interest As of 12/31/2014 Member Agencies	Beginning Balance Net Equity Interest	Change in Equity O&M for the Year Ended 12-31-2014	Ending Balance Net Equity Interest @ 12-31-2014	Percentage Share*
Brier	\$ 113,382	\$ 5,897	\$ 119,279	3%
Edmonds	907,057	47,178	954,235	24%
Fire District 1	529,117	27,520	556,637	14%
<b>Lynnwood</b>	<b>1,020,439</b>	<b>13,315</b>	<b>1,033,754</b>	<b>26%</b>
Mill Creek	302,352	95,246	397,598	10%
Mountlake Terrace	415,734	21,623	437,357	11%
Mukilteo	453,529	(16,171)	437,358	11%
Woodway	37,794	1,966	39,760	1%
<b>Total</b>	<b>\$ 3,779,404</b>	<b>\$ 196,574</b>	<b>\$ 3,975,978</b>	<b>100%</b>

\*Percentage Share is the Agency Contribution to SNOCOM's Operating Budget

AHA – Alliance for Housing Affordability:

In September, 2013, the City of Lynnwood joined the cities of Everett, Granite Falls, Lake Stevens, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2014 to add the City of Arlington and in June, 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County. Fiscal agent duties are performed by the City of Mountlake Terrace.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Lynnwood’s equity share to date is:

Fiscal Year 7/1/XX-6/30/XX	AHA’s Total FY Budget	Lynnwood’s Share of Budget	Lynnwood Share as % of Total AHA Budget
2014	\$92,543	\$2,216	5.44%
2015	\$123,464	\$2,753	5.44%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member.

Budget monitoring information can be obtained from Finance Director, City of Mountlake Terrace, 6100 219<sup>th</sup> Street SW, Mountlake Terrace WA 98043 or from Kristina Gallant, Housing Analyst, and Alliance for Housing Affordability, 12625 4<sup>th</sup> Ave W, Suite 200, Everett, WA 98204.

ESCA – Emergency Services Coordinating Agency:

In accordance with generally accepted accounting principles, ESCA is a joint venture with each entity’s equity interest reported on its member entities’ financial statements.

Ten member agencies provide the majority of operating revenue to ESCA. The method of allocating this revenue source is defined in the *Interlocal Agreement for the Emergency Services Coordinating Agency Section 4 Budgeting and Financial Participation* 4.1 “Annual budget participation shall be based upon the population of each party compared to the total population of the parties. Operating payments shall be made by January 31 of each year”. Section *7 Term and Dissolution* states, “The value of the assets shall be then apportioned between the parties to the agreement in the same proportion as their financial participation in the budget year of dissolution”.

As of 12/31/14, each member agency’s cash equity interest is estimated to be the following:

City of Brier	3.36%	=\$6,961
City of Edmonds	21.15%	=\$43,817
Kenmore	11.32%	=\$23,452
Lake Forest Park	6.75%	=\$13,984
Lynnwood	9.94%	=\$39,528
Mill Creek	9.94%	=\$20,593
Mountlake Terrace	10.87%	=\$22,520
Mukilteo	10.88%	=\$22,540
Woodinville	5.95%	=\$12,327
Woodway	0.69%	=\$1,429

Plus physical assets (inventory available upon request)

On June 25, 2015 the Agency members passed resolution (2015-3) to dissolve ESCA during the 2015 fiscal year. The Agency is currently working to determine the full equity interest to be allocated to each member upon dissolution.

AWC Employee Benefit Trust:

The City of Lynnwood is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust. As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all

current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable account standards established by the Governmental Account Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

## **NOTE 13 - PRIOR PERIOD ADJUSTMENTS**

### **Changes in Accounting Estimates**

The City of Lynnwood implemented a change in accounting estimates by eliminating its salvage values in its capital assets. The City assigned salvage values to its capital assets, such as, to buildings, infrastructures and vehicles. As such, the cost to dispose the vehicles at the end of their useful lives would likely exceed the scrap value. The costs to demolish the capital assets would likely be more than the recoveries from the scrap. In accordance to GAAFR on Capital Assets and its salvage value, the amounts recovered from its salvage values are minimal. The City positioned itself to assume a \$0 salvage value in its capital assets. With this change in accounting estimates, it impacted the accumulated depreciation and net book values of the capital assets.

Details are, as follows:	
Internal Service Fund	(\$ 547,176)
General Governmental	<u>1,041,140</u>
Sub-Total	\$ 493,964
Business Activity-Type – Capital Assets	
Water & Sewer Utility	(1,611,217)
Golf Course	<u>(24,223)</u>
Grand Total	<u>(\$1,141,476)</u>

These prior period adjustments reduced the net position of invested capital assets totaling to \$1,141,476.

### **Correction of Accounting Errors**

The City removed the capital assets in Governmental Activities for Land amounting to \$340,682 and Other Improvements for \$277,852. The City no longer owns the land, and the other improvements could not be accounted for. These prior period adjustments reduced the net position of invested capital assets totaling to \$618,534.

The City recorded an additional Construction Work in Progress of \$1,659,674 in 2014. This was an oversight and it should be accounted for in the other Governmental Funds. This prior period adjustment increased the net position of invested capital assets totaling to \$1,659,674.

A detailed analysis of capital assets by components and categories is shown in Note 5 for Accounting for Capital Assets.

The City adjusted the Beginning Net Position of Equipment Rental Reserve Funds 510/511/513 from \$9,414,056 to \$9,414,185 by \$129 for January 1, 2014 to reconcile the Ending Net Position of the said funds as reported in December 31, 2013.

## **NOTE 14 – ACCOUNTING AND REPORTING CHANGES**

### **Changes in Accounting Estimates**

The City of Lynnwood implemented a change in accounting estimates by eliminating its salvage values in its capital assets. As such, it impacted the accumulated depreciation and net book values of the capital assets for other governmental funds and business-activity type capital assets. These changes were accounted as prior period adjustments which reduced the net position of invested capital assets totaling to \$2,219,556. A detailed analysis of capital assets by components and categories is shown in Note No. 5 for Accounting for Capital Assets and in Note No. 13 for Prior Period Adjustments.

### **Implementation of New Accounting Principles**

In compliance with the following new GASB Statements, the City of Lynnwood presented the 2014 financial statements in accordance:

- 67 – Financial Reporting for Pension Plans
- 69 – Government Combinations and Disposals of Government Operations

GASB 67 establishes standards of financial reporting for pension plans that issue their own financial reports, as well as for plans that are reported as a fiduciary fund by a government. It replaces Statement No. 25. The

City of Lynnwood's fiduciary fund financial statements remain unchanged from the prior standards for 2014, but there are numerous changes to Note 8 for Pension Plan and Required Supplemental Information (RSI). In 2015, the City will adopt GASB 68 and record its net pension liability from Note 8 to the financial statements.

### **Other Reporting Disclosures**

Fund additions/deletions in the current year are, as follows:

- Economic Development Infrastructure Fund No. 020 was added as a managerial fund within the General Fund to promote and encourage economic development by accumulating funds that could help pay for infrastructure, such as, roads and signals.
- The following funds are no longer use and have no balance in the account:
  - ✓ Capital Project Fund No. 317 - 36<sup>th</sup> Ave West
  - ✓ Capital Project Fund No. 323 - Community Center/Recreation Center
  - ✓ Internal Service Fund No. 512 – Central Stores

The Capital Project Fund - Extension of 33<sup>rd</sup> Ave West is classified as a major fund in 2014 for financial reporting purposes. In addition to the governmental and proprietary funds, a major fund is distinguished to represent the activities as one of the important funds in government and of particular interest to the users. The City took into consideration the impact of this fund on other programs and services, significance on financing activities which are of high interest to the public, and the relative size of activities of this capital project fund.

### **NOTE 15 - SUBSEQUENT EVENTS**

#### **BOND ISSUANCES**

On March 23, 2015, the Lynnwood City Council approved Ordinance 3118 providing for the issuance of a bond anticipation note in the principal amount of not to exceed \$9 million to interim financing to pay for the cost of the additions, betterments, and extensions of the City of Lynnwood Utility system.

In April 2015, the Lynnwood City Council approved the sale of \$34 million in Utility Revenue Bonds which will pay-off the aforementioned bond anticipation notes. Lynnwood's Utility system capital projects were also financed by a combination of capital grants, capital contributions, government loans, and revenues from operations.

The Lynnwood Public Facilities District (PFD) issued \$25,482,100 Convention Center revenue and sales tax refunding bonds to defease District's 2004 and 2005 bonds and to finance the capital construction needed at the Convention Center. On April 15, 2015, the District issued \$15.605 million refunded revenue bonds maturing on December 1, 2034 with an average interest rate of 3.57% resulting to a net present value savings of \$2.059 million. On June 15, 2015, the District issued \$9.877 million sales tax bonds with an interest rate of 2.48% resulting to a net present value savings of \$1.07 million. S&P raised their bond rating from "A" to "AA+" in 2014. Lynnwood's favorable debt profile, strong local retail and small business based economy, overall budgetary flexibility and performance, liquidity profile and management conditions with good financial management practices. On behalf of the District, the City of Lynnwood is contingently liable to these bonds as disclosed in Note 1. To date, the District is capable of paying these bonds from hotel/motel tax revenue and revenue generated from the convention center.

**PURCHASES OF PROPERTIES**

On March 9, 2015, the City Council approved the purchase of over 13 acres of land known as Seabrook Heights in the Lund's Gulch sensitive area for \$6.1 million, of which Snohomish County Conservation Futures granted \$5 million for this acquisition. This will assist the City to protect the land, the sensitive ravine, and immediate downslope of the property. Currently, the City's land holdings exceed more than 90 acres.

On March 9, 2015, the City Council approved also the purchase of half an acre known as McCallister Property on Hall Lake for \$0.2 million. This will provide public access point to Hall Lake including on-going water quality monitoring and data collection, emergency response and public education.

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# Required Supplemental Information



**Lynnwood features 370 acres of park land.**  
*(Photo: park image by Brett Bouwer from Fotolia.com )*

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**FIREFIGHTERS' PENSION FUND**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED**  
**RATIOS**  
(\$ Thousands)

**Fiscal Year Ending December 31**

	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>		N/A
Service Cost	\$0	N/A
Interest on total pension liability	42	N/A
Effect of plan changes	0	N/A
Effect of economic/demographic gains or (losses)	0	N/A
Effect of assumption changes or inputs	54	N/A
Benefit payments	(73)	N/A
Net change in total pension liability	23	N/A
Total pension liability, beginning	1,196	N/A
Total pension liability, ending (a)	1,219	N/A
<b>Fiduciary Net Position</b>		N/A
Employer contributions	\$0	N/A
Contributions from state fire insurance premium tax	57	N/A
Investment income net of investment expenses	1	N/A
Benefit payments	(73)	N/A
Medical payments from fund	(45)	N/A
Administrative expenses	(22)	N/A
Net change in plan fiduciary net position	(83)	N/A
Fiduciary net position, beginning	698	N/A
Fiduciary net position, ending (b)	615	N/A
Net pension liability, ending = (a) – (b)	\$604	
Fiduciary net position as a % of total pension liability	50.48%	N/A
Covered payroll	\$0	N/A
Net pension liability as a % of covered payroll	N/A	N/A

This schedule will be 10 years as information is available.

**REQUIRED SUPPLEMENTARY INFORMATION  
FIREFIGHTERS' PENSION FUND  
SCHEDULE OF CITY'S CONTRIBUTIONS**

<b>Fiscal Year Ending December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution*</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2005	(\$4,426)	\$7,108	(\$11,534)	\$0	N/A
2006	16,267	5,544	10,723	\$0	N/A
2007	16,267	3,998	12,269	\$0	N/A
2008	40,127	(11,945)	52,072	\$0	N/A
2009	40,127	6,787	33,340	\$0	N/A
2010	49,477	1,202	48,275	\$0	N/A
2011	49,477	(11,407)	60,884	\$0	N/A
2012	51,946	1,536	50,410	\$0	N/A
2013	51,946	(3,753)	55,699	\$0	N/A
2014	43,999	11,549	32,450	\$0	N/A

**Actuarial Procedures and Assumptions**

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	30-Year, Closed as of January 1, 1999
Remaining Amortization Period	15 Years
Asset Valuation Method	Fair Market Value

Actuarial assumptions:

Investment Rate of Return (Discount Rate): 3.75%

Projected Salary Increases: 3.50%

Inflation: 2.50%

Cost of living Adjustments: Based upon salary increase assumption when appropriate, for FPF benefits. Based upon inflation assumption for some FPF benefits

\*Employer contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150. It includes revenues from fire insurance premium taxes. Prior to 2014, administrative expenses were also subtracted from employer contributions.

**REQUIRED SUPPLEMENTARY INFORMATION  
FIREFIGHTERS' PENSION FUND  
SCHEDULE OF INVESTMENT RETURNS**

<b>Fiscal Year Ending December 31</b>	<b>Net Money-Weighted Rate of Return</b>
2005	N/A
2006	N/A
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	0.09%

**Calculation of Money-Weighted Rate of Return**

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

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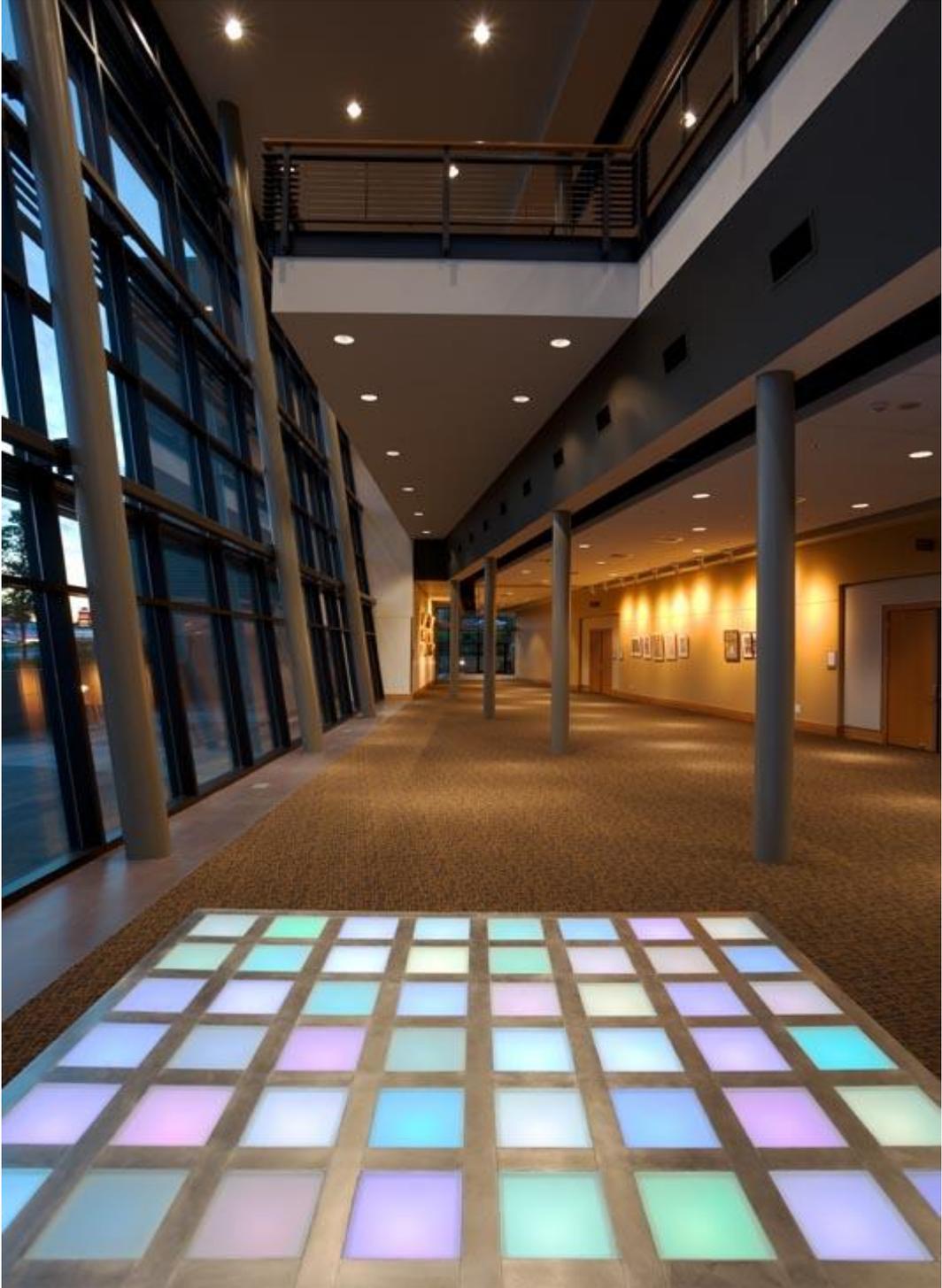
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LEOFF 1 RETIREE MEDICAL AND LONG-TERM CARE BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**  
(rounded to thousands)

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>
1/1/08	0	\$18,127	0 %	\$18,127
1/1/11	0	21,614	0 %	21,614
1/1/14	0	23,070	0%	23,070

Latest valuation date for the plan was January 1, 2014.

# Combining and Individual Funds



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City of Lynnwood, Washington  
Combining Balance Sheet  
Governmental Funds  
December 31, 2014

	General Fund	Econ Dev Infrastructure Fund	Revenue Stabilization Fund	Program Development Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,209,839	\$ 57,978	\$ 5,814,864	\$ 65,627	\$ 12,148,308
Receivables, net	9,233,700	-	-	-	9,233,700
Receivables, interfund loans	2,500,000	-	-	-	2,500,000
Due from other governments	45,894	265,600	-	-	311,494
Prepaid expenses	253,024	-	-	-	253,024
Restricted cash and investments	86,051	-	-	-	86,051
Total assets	<u>\$ 18,328,508</u>	<u>\$ 323,578</u>	<u>\$ 5,814,864</u>	<u>\$ 65,627</u>	<u>\$ 24,532,577</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,526,362	\$ -	\$ -	\$ -	1,526,362
Due to other governments	86,051	-	-	-	86,051
Wages payable	754,479	-	-	-	754,479
Other current liabilities	442,783	-	-	-	442,783
Custodial accounts	752	-	-	-	752
Total liabilities	<u>2,810,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,810,427</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property tax	217,028	-	-	-	217,028
Court Deferred	3,602,805	-	-	-	3,602,805
Total deferred inflow of resources	<u>3,819,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,819,833</u>
Total liabilities and deferred inflows of resources	<u>6,630,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,630,260</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	2,453,024	-	-	-	2,453,024
Restricted	86,803	-	-	-	86,803
Committed	33,000	-	5,814,864	-	5,847,864
Assigned	1,113,608	323,578	-	65,627	1,502,813
Unassigned	8,011,813	-	-	-	8,011,813
Total fund balances (deficits)	<u>11,698,248</u>	<u>323,578</u>	<u>5,814,864</u>	<u>65,627</u>	<u>17,902,317</u>
Total liabilities and fund balances (deficits)	<u>\$ 18,328,508</u>	<u>\$ 323,578</u>	<u>\$ 5,814,864</u>	<u>\$ 65,627</u>	<u>\$ 24,532,577</u>

City of Lynnwood, Washington  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2014

	General Fund	Econ Dev Infrastructure Fund	Revenue Stabilization Fund	Program Development Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 8,895,775	\$ -	\$ -	\$ -	\$ 8,895,775
Sales taxes	18,263,866	-	-	-	18,263,866
Business taxes	6,312,066	-	-	-	6,312,066
Other taxes	3,865	-	-	-	3,865
Licenses and permits	3,564,056	-	-	-	3,564,056
Intergovernmental revenues	1,360,146	-	-	-	1,360,146
Charges for services	5,411,961	-	-	-	5,411,961
Fines and forfeitures	1,629,010	-	-	-	1,629,010
Other interest	15,356	-	-	72	15,428
Other rents	288,783	-	-	-	288,783
Miscellaneous	145,610	-	-	-	145,610
Total revenues	<u>45,890,494</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>45,890,566</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,876,986	8,422	-	17,171	9,902,579
Economic Environment	2,996,776	-	-	-	2,996,776
Judicial	997,407	-	-	-	997,407
Natural Environment	110,007	-	-	-	110,007
Culture and recreation	5,689,644	-	-	-	5,689,644
Public safety	26,172,035	-	-	-	26,172,035
Social services	417,515	-	-	-	417,515
Transportation	1,416,628	-	-	-	1,416,628
Utilities	251,333	-	-	-	251,333
Debt service:					
Interest	633	-	-	-	633
Principal retirement	-	-	-	-	-
Capital outlay:					
Capital Outlay	338,554	-	-	-	338,554
Total expenditures	<u>48,267,518</u>	<u>8,422</u>	<u>-</u>	<u>17,171</u>	<u>48,293,111</u>
Excess (deficiency) of revenues over expenditures	<u>(2,377,024)</u>	<u>(8,422)</u>	<u>-</u>	<u>(17,099)</u>	<u>(2,402,545)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	2,310,802	-	3,814,864	-	6,125,666 *
Transfers Out	(7,341,519)	-	-	-	(7,341,519) *
Gain (loss) on Disposition of capital assets	36,000	332,000	-	-	368,000
Insurance and claims	15	-	-	-	15 *
Total other financing source (uses)	<u>(4,994,702)</u>	<u>332,000</u>	<u>3,814,864</u>	<u>-</u>	<u>(847,838)</u>
Net change in fund balances	(7,371,726)	323,578	3,814,864	(17,099)	(3,250,383)
Fund balances - beginning	19,069,974	-	2,000,000	82,726	21,152,700
Fund balances - ending	<u>\$ 11,698,248</u>	<u>\$ 323,578</u>	<u>\$ 5,814,864</u>	<u>\$ 65,627</u>	<u>\$ 17,902,317</u>

\* \$3.8M intrafund transfer from 011 to 098 is eliminated in combined statement.

City of Lynnwood, Washington  
011 GENERAL FUND  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 8,604,265	\$ 7,974,393	\$ 8,895,775	\$ 921,382
Sales taxes	16,972,135	15,769,884	18,263,866	2,493,982
Business taxes	6,562,436	6,421,452	6,312,066	(109,386)
Other taxes	1,733	1,733	3,865	2,132
Licenses and permits	3,503,037	3,318,337	3,564,056	245,719
Intergovernmental revenues	1,086,700	772,513	1,360,146	587,633
Charges for services	5,643,528	5,400,684	5,411,961	11,277
Fines and forfeitures	3,830,000	3,286,560	1,629,010	(1,657,550)
Other interest	42,685	64,903	15,356	(49,547)
Other rents	240,550	176,841	288,783	111,942
Miscellaneous	28,600	28,600	145,610	117,010
Total revenues	<u>46,515,669</u>	<u>43,215,900</u>	<u>45,890,494</u>	<u>2,674,594</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,530,738	10,357,833	9,876,986	480,847
Economic Environment	3,328,515	3,817,738	2,996,776	820,962
Judicial	1,238,815	1,425,108	997,407	427,701
Natural Environment	144,375	138,200	110,007	28,193
Culture and recreation	5,555,688	5,957,596	5,689,644	267,952
Public safety	27,104,320	27,890,855	26,172,035	1,718,820
Social services	367,200	429,166	417,515	11,651
Transportation	1,534,042	1,677,572	1,416,628	260,944
Utilities	273,850	411,816	251,333	160,483
Total current	<u>48,077,543</u>	<u>52,105,884</u>	<u>47,928,331</u>	<u>4,177,553</u>
Debt service:				
Interest	-	-	633	(633)
Total debt service	<u>-</u>	<u>-</u>	<u>633</u>	<u>(633)</u>
Capital outlay:				
Capital outlay	74,300	675,448	338,554	336,894
Total capital outlay	<u>74,300</u>	<u>675,448</u>	<u>338,554</u>	<u>336,894</u>
Total expenditures	<u>48,151,843</u>	<u>52,781,332</u>	<u>48,267,518</u>	<u>4,513,814</u>
Excess (deficiency) of revenues over expenditures	<u>(1,636,174)</u>	<u>(9,565,432)</u>	<u>(2,377,024)</u>	<u>7,188,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,870,010	5,562,031	2,310,802	(3,251,229)
Transfers Out	(4,164,661)	(10,035,715)	(7,341,519)	2,694,196
Gain (loss) on Disposition of capital assets	-	-	36,000	36,000
Insurance and claims	-	-	15	15
Total other financing source (uses)	<u>(294,651)</u>	<u>(4,473,684)</u>	<u>(4,994,702)</u>	<u>(521,018)</u>
Net change in fund balances	(1,930,825)	(14,039,116)	(7,371,726)	6,667,390
Fund balances - beginning	19,069,974	19,069,974	19,069,974	-
Fund balances - ending	<u>\$ 17,139,149</u>	<u>\$ 5,030,858</u>	<u>\$ 11,698,248</u>	<u>\$ 6,667,390</u>

City of Lynnwood, Washington  
 020 ECON DEV INFRASTRUCTURE  
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government	-	-	8,422	(8,422)
Total current	-	-	8,422	(8,422)
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	8,422	(8,422)
Excess (deficiency) of revenues over expenditures	-	-	(8,422)	(8,422)
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain (loss) on Disposition of capital assets	\$ -	\$ -	\$ 332,000	\$ 332,000
Total other financing source (uses)	-	-	332,000	\$ 332,000
Net change in fund balances	-	-	323,578	323,578
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 323,578	\$ 323,578

City of Lynnwood, Washington  
 098 REVENUE STABILIZATION  
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 3,814,864	\$ 3,814,864
Total other financing source (uses)	-	-	3,814,864	3,814,864
Net change in fund balances	-	-	3,814,864	3,814,864
Fund balances - beginning	2,000,000	2,000,000	2,000,000	-
Fund balances - ending	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 5,814,864</u>	<u>\$ 3,814,864</u>

City of Lynnwood, Washington  
099 PROGRAM DEVELOPMENT  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other interest	\$ -	\$ -	\$ 72	\$ 72
Total revenues	-	-	72	72
<b>EXPENDITURES</b>				
Current:				
General government	-	-	17,171	(17,171)
Total current	-	-	17,171	(17,171)
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	17,171	(17,171)
Excess (deficiency) of revenues over expenditures	-	-	(17,099)	(17,099)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,082,119	2,164,238	-	(2,164,238)
Transfers Out	(1,082,119)	(2,132,644)	-	2,132,644
Total other financing source (uses)	-	31,594	-	(31,594)
Net change in fund balances	-	31,594	(17,099)	(48,693)
Fund balances - beginning	82,726	82,726	82,726	-
Fund balances - ending	\$ 82,726	\$ 114,320	\$ 65,627	\$ (48,693)

**NONMAJOR GOVERNMENTAL FUNDS****SPECIAL REVENUE FUNDS**

These are special revenue funds to account for the proceeds of special revenue sources (other than special assessments) or to finance specified activities as required by law or administrative regulations.

Stadium/Convention Center Fund - 101 was created by Ordinance No. 972 to accumulate the 2% transient hotel/motel excise tax. This reserve can be used to pay for all or part of the cost of acquisition, construction, or operation of stadium and/or convention center facilities or to pay or secure the payment of all or a portion of G.O. or Revenue Bonds should they be issued. Other allowable costs to this fund are advertising and promotional materials for an annual family oriented community-wide event and the purchase and sponsorship of a promotional float.

Drug Enforcement Fund - 104 was established to accumulate drug seizure money that will be used to pay for 1/3 of the drug task force sergeant. Mountlake Terrace and Edmonds will contribute the other 2/3 of his salary.

Criminal Justice Fund - 105 all of the monies made available to local governments through this legislation are limited to funding of criminal justice purposes. Criminal justice purposes can be defined as activities relating to the enforcement and administration of the criminal law. "Monies distributed under this section shall be expended exclusively for criminal justice purposes and shall not be used to replace or supplant existing funding."

Transportation Impact Fee Fund - 110 was established to account for money collected from transportation impact fees assessed for development activities, including but not limited to new residential, commercial, retail, office and industrial development. Fees collected shall be expended or encumbered within six years of receipt, for system improvements that will reasonably benefit the new development activity (created by Ord. 2850, dated 2010).

Street Fund - 111 accounts for the administration of the street department and the cost of construction and maintenance of City streets, traffic control devices, and sidewalks. Its revenues include property tax; state shared motor vehicle fuel tax, sales tax, investment income, and charges for services to others.

Arterial Street Fund - 112 to account for construction of arterial streets. Its revenues include grants, state shared motor vehicle fuel tax, and investment income. Its expenditures include construction costs.

Cumulative Park Reserve and Development Fund - 114 to accumulate money for the purpose of acquisition of park properties and development of parks for the City of Lynnwood. Its revenue is from gifts or contributions together with whatever sums may be transferred from other City funds or may be levied for such purpose from time to time.

Cumulative Art Reserve Fund - 116 accumulates money for acquisitions of objects of art for the City of Lynnwood. Its revenue is from gifts or contributions together with funds transferred as authorized by the City Council (created by Ordinance No. 675, dated 1972).

Cumulative Reserve Aid Car Fund - 119 accumulates money contributed by citizens and organizations for the replacement, acquisition, and improvement of Lynnwood's Aid Car service. Expenditures are for the purchase of aid cars and aid car supplies.

EMS Property Tax Fund - 120 this fund receives the Emergency Medical Services Levy and distributes it to the General Fund.

Tree Fund - 121 was established to regulate the removal of trees and their replacement and protection within the City. Revenue is provided by fees, fines and donations.

Paths & Trails Fund - 128 was established per Chapter 47.30 RCW to use a portion of the motor vehicle fuel tax funds to establish and maintain paths and trails for pedestrians, equestrians or bicyclists as part of streets, roads and highways.

Solid Waste Management Fund - 144 was established in 1989 to administer and coordinate curbside recycling with the City waste haulers and to design and implement other waste reduction and recycling activities in the City. This was mandated by ESHB 1167 for all local governments.

Transportation Benefit District Fund (TBD) - 150 accounts for the operational costs of the **blended component unit**. The \$20 per vehicle license fee was effective June 1, 2011 and was imposed for the construction, preservation, maintenance and operation of City streets.

## DEBT SERVICE FUNDS

The Debt Service Fund series is to account for the payment of principal and interest on general long-term debt, as well as special assessment funds to account for the assessment levied to finance public improvements or services deemed to benefit the properties against which assessments are levied.

2001 LTGO Refunding Bond Fund - 201 proceeds were used to advance refund \$1,270,000 of the City's outstanding limited Tax General Obligation Bonds, 1992, as well as to pay for administrative and issuance costs. Revenues come from the General Fund

2009 LTGO Refunding Bond Fund - 202 was authorized by Ordinance 2780 to advance refund the 1996 LTGO Refunding Bonds, the 1998 GO Library Bonds and various computer, police vehicles and golf course equipment. The 1996 LTGO Refunding Bonds were used to advance refund the 1980 Non-Voted G.O. Bonds, the 1991 Golf and Recreational Facilities Revenue and Refunding Bonds, and partially refund the 1989 G.O. Golf Course Bonds. Revenues come from the Golf Course, the Recreation Center and excise taxes. The 1998 GO Library Bond was used to remodel and add-on to the Civic Center library building, and to acquire park property. Revenues come from the General Fund.

800 MHZ Interlocal Note Fund - 215 was set up to service the principal and interest due on the long term debt for the City's portion of the Snohomish County Emergency Radio System Interlocal Agreement.

Energy Conservation Fund - 217 was established to finance the second phase of the City's Energy Conservation Project that included lighting retrofit, HAVAC control upgrade and water conservation enhancements.

2012 LTGO Recreation Center – 223 was established to finance the \$24,955,000 remodel and renovation of the Community/Recreation Center and pool.

Local Improvement District Guaranty Fund - 224 is for the purpose of guaranteeing to the extent of the fund the payments of its Local Improvement Bonds and warrants issued to pay for Local Improvements ordered subsequent to July 13, 1961 as created by Ordinance No. 85.

Local Improvement District 97-1 Fund - 265 is to account for the debt service on sanitary sewer improvements for 65<sup>th</sup> Place West and 65<sup>th</sup> Avenue West corridor.

## CAPITAL PROJECT FUNDS

The Capital Project Fund series is used to dedicate revenues and to account for the acquisition and construction of capital facilities other than those financed by the proprietary funds.

Olympic View Drive Fund - 307 was established to account for a project to improve the safety of a two-lane roadway with numerous steep drop embankments and open drainage ditches. It will benefit pedestrians, bicyclists, and transit usage.

Traffic Signals Fund - 309 was established to account for signal construction projects throughout the City.

Roadway Surfacing Fund - 311 accounts for on-going pavement management.

Sidewalks/Pedestrian Improvements Fund - 312 was established to account for the design and construction of sidewalks, curb ramps, and walkways at various locations within the City.

196<sup>th</sup> Improvements Fund - 316 was established in the City's Transportation Improvement Program for the improvement of 196<sup>th</sup> Street from 48<sup>th</sup> Avenue West to 37<sup>th</sup> Avenue West.

36<sup>th</sup>/35<sup>th</sup> Avenue West Improvements Fund - 317 accounts for the design and enhancements to the roadway to accommodate the increase in traffic.

204<sup>th</sup> LID 2009-1 Fund - 318 was established to account for improvements on 204<sup>th</sup> Street SW from 68<sup>th</sup> Avenue to SR 99 for road, storm drain, pedestrian and bicycle safety features.

Interurban Overpass/44<sup>th</sup> Fund - 319 was established to account for a project that will complete the missing link on the Interurban Trail through the City of Lynnwood.

I-5/196<sup>th</sup> Pedestrian Bridge Fund - 321 accounts for a project to provide necessary and safe pedestrian crossing of I-5 in the vicinity of 196<sup>th</sup> Street SW Interchange improvements. A new pedestrian bridge will tie into the interurban trail and provide a safe link from the intersection of 196<sup>th</sup> and 37<sup>th</sup> to 196<sup>th</sup> and Poplar Way.

Park Acquisition and Development Fund - 322 accounts for the construction of parks and recreation areas. Its revenue includes Council contributions, property taxes, and federal and state grants.

Poplar Way Extension Fund - 324 was established in 2011 to account for the construction of a bridge across I-5 to connect Poplar Way to 33<sup>rd</sup> Avenue West, to allow for greater multimodal access throughout the commercial business centers (Ord # 2889 5/9/11).

Traffic Operations Center Fund - 326 accounts for the new signal control center under construction at the Lynnwood Civic Center. It includes monitoring equipment which is used to improve regional traffic flow.

Real Estate Excise Tax #2 Fund - 330 accounts for taxes collected ( $\frac{1}{4}$  of 1%) on real estate sales that are designated for Public Works capital expenditures

Real Estate Excise Tax Fund - 331 accounts for taxes collected ( $\frac{1}{4}$  of 1%) on real estate sales that are designated for capital expenditures.

Hardware/Software Upgrades Fund - 322 was set up to purchase and install a new City telephone system, purchase new computers and associated software.

Capital Development Plan Fund – 333 is a reserve fund used to provide funding for necessary capital projects identified after the annual budget process. It is also a source of matching funds for new federal and state grants or new interlocal agreements.

Interurban Trail Fund - 350 was established in 2011 (Ordinances 2903 & 2906) as a capital project fund used to construct two (north and south) missing links on the Interurban Trail.

City-wide Safety Project – 356 (Ordinance 3015) The project will provide various safety improvements throughout the City included in the six year Transportation Improvement Plan (TIP).

City of Lynnwood, Washington  
Combining Governmental Balance Sheet  
Nonmajor Governmental Funds  
Summary by Fund Type  
December 31, 2014

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,159,203	\$ 723,650	\$ 5,309,313	\$ 10,192,166
Receivables, net	469,465	-	604,795	1,074,260
Due from other governments	14,898	-	103,822	118,720
Restricted cash and investments	86,546	-	-	86,546
Total assets	<u>\$ 4,730,112</u>	<u>\$ 723,650</u>	<u>\$ 6,017,930</u>	<u>\$ 11,471,692</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 60,837	\$ -	\$ 290,752	\$ 351,589
Due to other funds	10,000	-	190,000	200,000
Wages payable	19,912	-	-	19,912
Other current liabilities	958	-	3,377	4,335
Total liabilities	<u>91,707</u>	<u>-</u>	<u>484,129</u>	<u>575,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax	52,700	-	-	52,700
Total deferred inflow of resources	<u>52,700</u>	<u>-</u>	<u>-</u>	<u>52,700</u>
Total liabilities and deferred inflows of resources	<u>144,407</u>	<u>-</u>	<u>484,129</u>	<u>628,536</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	4,296,908	723,650	4,690,293	9,710,851
Committed	113,159	-	985,785	1,098,944
Assigned	175,638	-	-	175,638
Unassigned	-	-	(142,277)	(142,277)
Total fund balances (deficits)	<u>4,585,705</u>	<u>723,650</u>	<u>5,533,801</u>	<u>10,843,156</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,730,112</u>	<u>\$ 723,650</u>	<u>\$ 6,017,930</u>	<u>\$ 11,471,692</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Summary by Fund Type  
For the Year Ended December 31, 2014

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 4,459,707	\$ -	\$ 1,396,380	\$ 5,856,087
Licenses and permits	169,915	-	-	169,915
Intergovernmental revenues	2,098,590	-	3,129,142	5,227,732
Charges for services	631,353	-	92,353	723,706
Fines and forfeitures	41,184	-	-	41,184
Other interest	4,545	504	3,378	8,427
Miscellaneous	20,016	-	111	20,127
Capital Grants and Contributions	-	-	192,100	192,100
Total revenues	<u>7,425,310</u>	<u>504</u>	<u>4,813,464</u>	<u>12,239,278</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	10,261	10,261
Economic Environment	1,234,412	-	-	1,234,412
Culture and recreation	3,994	-	285	4,279
Public safety	116,771	-	-	116,771
Transportation	2,828,244	-	2,077,041	4,905,285
Utilities	43,650	-	-	43,650
Debt service:				
Interest	-	974,730	197	974,927
Principal retirement	-	854,962	-	854,962
Capital outlay:				
Capital Outlay	32,192	-	3,472,058	3,504,250
Total expenditures	<u>4,259,263</u>	<u>1,829,692</u>	<u>5,559,842</u>	<u>11,648,797</u>
Excess (deficiency) of revenues over expenditures	<u>3,166,047</u>	<u>(1,829,188)</u>	<u>(746,378)</u>	<u>590,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	1,812,121	4,997,923	6,810,044
Transfers Out	(2,890,137)	-	(2,666,826)	(5,556,963)
Insurance and claims	2,244	-	-	2,244
Gain (loss) on Disposition of capital assets	2,608	-	-	2,608
Total other financing source (uses)	<u>(2,885,285)</u>	<u>1,812,121</u>	<u>2,331,097</u>	<u>1,257,933</u>
Net change in fund balances	280,762	(17,067)	1,584,719	1,848,414
Fund balances - beginning	4,304,943	740,717	3,949,082	8,994,742
Fund balances - ending	<u>\$ 4,585,705</u>	<u>\$ 723,650</u>	<u>\$ 5,533,801</u>	<u>\$ 10,843,156</u>

City of Lynnwood, Washington  
Combining Balance Sheet  
Nonmajor Special revenue funds  
December 31, 2014

	Convention Center	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Arterial Street	Cumulative Park Res & Dev	Cumulative Art Reserve	Cumulative Aid Car Reserve
<b>ASSETS</b>									
Cash and cash equivalents	\$ 661,384	\$ 338,819	\$ 1,561,134	\$ 595,818	\$ 2,508	\$ -	\$ 130,399	\$ 26,531	\$ 15,723
Receivables, net	99,827	17,000	137,658	-	168,716	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	86,546	-	-	-	-	-	-	-
Total assets	<u>\$ 761,211</u>	<u>\$ 442,365</u>	<u>\$ 1,698,792</u>	<u>\$ 595,818</u>	<u>\$ 171,224</u>	<u>\$ -</u>	<u>\$ 130,399</u>	<u>\$ 26,531</u>	<u>\$ 15,723</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 9,380	\$ 825	\$ 285	\$ -	\$ 31,302	\$ -	\$ -	\$ 3,994	\$ -
Due to other funds	-	-	-	-	10,000	-	-	-	-
Wages payable	-	-	-	-	19,912	-	-	-	-
Other current liabilities	-	-	-	-	958	-	-	-	-
Total liabilities	<u>9,380</u>	<u>825</u>	<u>285</u>	<u>-</u>	<u>62,172</u>	<u>-</u>	<u>-</u>	<u>3,994</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred property tax	-	-	-	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>9,380</u>	<u>825</u>	<u>285</u>	<u>-</u>	<u>62,172</u>	<u>-</u>	<u>-</u>	<u>3,994</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	751,831	441,540	1,698,507	595,818	-	-	130,399	-	15,723
Committed	-	-	-	-	-	-	-	22,537	-
Assigned	-	-	-	-	109,052	-	-	-	-
Total fund balances (deficits)	<u>751,831</u>	<u>441,540</u>	<u>1,698,507</u>	<u>595,818</u>	<u>109,052</u>	<u>-</u>	<u>130,399</u>	<u>22,537</u>	<u>15,723</u>
Total liabilities and fund balances (deficits)	<u>\$ 761,211</u>	<u>\$ 442,365</u>	<u>\$ 1,698,792</u>	<u>\$ 595,818</u>	<u>\$ 171,224</u>	<u>\$ -</u>	<u>\$ 130,399</u>	<u>\$ 26,531</u>	<u>\$ 15,723</u>

City of Lynnwood, Washington  
Combining Balance Sheet  
Nonmajor Special revenue funds  
December 31, 2014

	EMS Property Tax Reserve	Tree Fund Reserve	Paths and Trails	Solid Waste Management	Transportation Benefit District	Total Nonmajor Special revenue funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 110,627	\$ 90,622	\$ 479,471	\$ 68,176	\$ 77,991	\$ 4,159,203
Receivables, net	3,258	-	-	4,772	38,234	469,465
Due from other governments	14,898	-	-	-	-	14,898
Restricted cash and investments	-	-	-	-	-	86,546
Total assets	<u>\$ 128,783</u>	<u>\$ 90,622</u>	<u>\$ 479,471</u>	<u>\$ 72,948</u>	<u>\$ 116,225</u>	<u>\$ 4,730,112</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 619	\$ 6,362	\$ 8,070	\$ 60,837
Due to other funds	-	-	-	-	-	10,000
Wages payable	-	-	-	-	-	19,912
Other current liabilities	-	-	-	-	-	958
Total liabilities	<u>-</u>	<u>-</u>	<u>619</u>	<u>6,362</u>	<u>8,070</u>	<u>91,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property tax	52,700	-	-	-	-	52,700
Total deferred inflow of resources	<u>52,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,700</u>
Total liabilities and deferred inflows of resources	<u>52,700</u>	<u>-</u>	<u>619</u>	<u>6,362</u>	<u>8,070</u>	<u>144,407</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	76,083	-	478,852	-	108,155	4,296,908
Committed	-	90,622	-	-	-	113,159
Assigned	-	-	-	66,586	-	175,638
Total fund balances (deficits)	<u>76,083</u>	<u>90,622</u>	<u>478,852</u>	<u>66,586</u>	<u>108,155</u>	<u>4,585,705</u>
Total liabilities and fund balances (deficits)	<u>\$ 128,783</u>	<u>\$ 90,622</u>	<u>\$ 479,471</u>	<u>\$ 72,948</u>	<u>\$ 116,225</u>	<u>\$ 4,730,112</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special revenue funds  
For the Year Ended December 31, 2014

	Convention Center	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Arterial Street	Cumulative Park Res & Dev	Cumulative Art Reserve	Cumulative Aid Car Reserve
<b>REVENUES</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	728,714	-	549,861	-	576,341	-	-	-	-
Licenses and permits	-	-	-	-	132,536	-	-	-	-
Intergovernmental revenues	640,412	17,000	124,360	-	824,127	-	-	-	-
Charges for services	53	-	34,881	596,419	-	-	-	-	-
Fines and forfeitures	-	41,184	-	-	-	-	-	-	-
Other interest	691	456	1,273	653	68	-	128	26	16
Miscellaneous	-	-	1,109	9,266	-	-	9,341	-	300
Total revenues	<u>1,369,870</u>	<u>58,640</u>	<u>711,484</u>	<u>606,338</u>	<u>1,533,072</u>	<u>-</u>	<u>9,469</u>	<u>26</u>	<u>316</u>
<b>EXPENDITURES</b>									
Current:									
Economic Environment	1,234,412	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	3,994	-
Public safety	-	63,501	40,007	-	-	-	-	-	-
Transportation	-	-	-	-	1,704,107	49	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Debt service:									
Capital outlay:									
Capital Outlay	-	-	26,302	-	5,270	-	-	-	-
Total expenditures	<u>1,234,412</u>	<u>63,501</u>	<u>66,309</u>	<u>-</u>	<u>1,709,377</u>	<u>49</u>	<u>-</u>	<u>3,994</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>135,458</u>	<u>(4,861)</u>	<u>645,175</u>	<u>606,338</u>	<u>(176,305)</u>	<u>(49)</u>	<u>9,469</u>	<u>(3,968)</u>	<u>316</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(77,555)	(50,255)	-	(533,849)	-	-	-	-	-
Insurance and claims	-	-	-	-	2,244	-	-	-	-
Gain (loss) on Disposition of capital assets	-	225	2,001	-	382	-	-	-	-
Total other financing source (uses)	<u>(77,555)</u>	<u>(50,030)</u>	<u>2,001</u>	<u>(533,849)</u>	<u>2,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	57,903	(54,891)	647,176	72,489	(173,679)	(49)	9,469	(3,968)	316
Fund balances - beginning	693,928	496,431	1,051,331	523,329	282,731	49	120,930	26,505	15,407
Fund balances - ending	<u>\$ 751,831</u>	<u>\$ 441,540</u>	<u>\$ 1,698,507</u>	<u>\$ 595,818</u>	<u>\$ 109,052</u>	<u>\$ -</u>	<u>\$ 130,399</u>	<u>\$ 22,537</u>	<u>\$ 15,723</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures, and Changes  
Nonmajor Special revenue funds  
For the Year Ended December 31, 2014

	EMS Property Tax Reserve	Tree Fund Reserve	Paths and Trails	Solid Waste Management	Transportation Benefit District	Total Nonmajor Special revenue funds
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	2,082,503	-	-	-	522,288	4,459,707
Licenses and permits	-	37,379	-	-	-	169,915
Intergovernmental revenues	-	-	470,000	22,691	-	2,098,590
Charges for services	-	-	-	-	-	631,353
Fines and forfeitures	-	-	-	-	-	41,184
Other interest	302	-	-	-	932	4,545
Miscellaneous	-	-	-	-	-	20,016
Total revenues	<u>2,082,805</u>	<u>37,379</u>	<u>470,000</u>	<u>22,691</u>	<u>523,220</u>	<u>7,425,310</u>
<b>EXPENDITURES</b>						
Current:						
Economic Environment	-	-	-	-	-	1,234,412
Culture and recreation	-	-	-	-	-	3,994
Public safety	13,263	-	-	-	-	116,771
Transportation	-	19,569	-	-	1,104,519	2,828,244
Utilities	-	-	-	43,650	-	43,650
Debt service:						
Capital outlay:						
Capital Outlay	-	-	620	-	-	32,192
Total expenditures	<u>13,263</u>	<u>19,569</u>	<u>620</u>	<u>43,650</u>	<u>1,104,519</u>	<u>4,259,263</u>
Excess (deficiency) of revenues over expenditures	<u>2,069,542</u>	<u>17,810</u>	<u>469,380</u>	<u>(20,959)</u>	<u>(581,299)</u>	<u>3,166,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	(2,182,993)	(45,485)	-	-	-	(2,890,137)
Insurance and claims	-	-	-	-	-	2,244
Gain (loss) on Disposition of capital assets	-	-	-	-	-	2,608
Total other financing source (uses)	<u>(2,182,993)</u>	<u>(45,485)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,885,285)</u>
Net change in fund balances	(113,451)	(27,675)	469,380	(20,959)	(581,299)	280,762
Fund balances - beginning	189,534	118,297	9,472	87,545	689,454	4,304,943
Fund balances - ending	<u>\$ 76,083</u>	<u>\$ 90,622</u>	<u>\$ 478,852</u>	<u>\$ 66,586</u>	<u>\$ 108,155</u>	<u>\$ 4,585,705</u>

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Debt service funds  
 December 31, 2014

	2001 LTGO Refunding Bonds	2009 LTGO Refunding Bonds	800 MHZ Debt Service	Energy Conservation	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	65TH Ave Sewers LID 97-01	Total Nonmajor Debt service funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 15,292	\$ 28,888	\$ 11,748	\$ -	\$ 109,176	\$ 504,881	\$ 53,665	\$ 723,650
Total assets	<u>\$ 15,292</u>	<u>\$ 28,888</u>	<u>\$ 11,748</u>	<u>\$ -</u>	<u>\$ 109,176</u>	<u>\$ 504,881</u>	<u>\$ 53,665</u>	<u>\$ 723,650</u>
<b>LIABILITIES</b>								
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Restricted	15,292	28,888	11,748	-	109,176	504,881	53,665	723,650
Total fund balances (deficits)	<u>15,292</u>	<u>28,888</u>	<u>11,748</u>	<u>-</u>	<u>109,176</u>	<u>504,881</u>	<u>53,665</u>	<u>723,650</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,292</u>	<u>\$ 28,888</u>	<u>\$ 11,748</u>	<u>\$ -</u>	<u>\$ 109,176</u>	<u>\$ 504,881</u>	<u>\$ 53,665</u>	<u>\$ 723,650</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Debt service funds  
For the Year Ended December 31, 2014

	2001 LTGO Refunding Bonds	2009 LTGO Refunding Bonds	800 MHZ Debt Service	Energy Conservation	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	65TH Ave Sewers LID 97-01	Total Nonmajor Debt service funds
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other interest	-	-	-	-	-	504	-	504
Total revenues	-	-	-	-	-	504	-	504
<b>EXPENDITURES</b>								
Current:								
Debt service:								
Interest	-	46,800	33,670	648	893,612	-	-	974,730
Principal retirement	-	290,000	107,925	32,037	425,000	-	-	854,962
Capital outlay:								
Total expenditures	-	336,800	141,595	32,685	1,318,612	-	-	1,829,692
Excess (deficiency) of revenues over expenditures	-	(336,800)	(141,595)	(32,685)	(1,318,612)	504	-	(1,829,188)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	337,621	137,834	15,570	1,321,096	-	-	1,812,121
Total other financing source (uses)	-	337,621	137,834	15,570	1,321,096	-	-	1,812,121
Net change in fund balances	-	821	(3,761)	(17,115)	2,484	504	-	(17,067)
Fund balances - beginning	15,292	28,067	15,509	17,115	106,692	504,377	53,665	740,717
Fund balances - ending	\$ 15,292	\$ 28,888	\$ 11,748	\$ -	\$ 109,176	\$ 504,881	\$ 53,665	\$ 723,650

City of Lynnwood, Washington  
Combining Balance Sheet  
Nonmajor Capital projects funds  
December 31, 2014

	Olympic View Drive	Traffic Signals	Roadway Surfacing	Sidewalks/Ped Improvements	196TH Improvements	36TH/35TH Ave West	204TH/SR99- 68 Ave W
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 105,471	\$ 465,172	\$ 9,404	\$ 181,964	\$ 129,879	\$ 1,441,755
Receivables, net	-	9,119	41,650	-	11,258	6,115	68,848
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 114,590</u>	<u>\$ 506,822</u>	<u>\$ 9,404</u>	<u>\$ 193,222</u>	<u>\$ 135,994</u>	<u>\$ 1,510,603</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 15,725	\$ 5,013	\$ 1,681	\$ 5,511	\$ 3,995	\$ 33,176
Due to other funds	-	-	-	150,000	-	-	-
Other current liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>15,725</u>	<u>5,013</u>	<u>151,681</u>	<u>5,511</u>	<u>3,995</u>	<u>33,176</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>15,725</u>	<u>5,013</u>	<u>151,681</u>	<u>5,511</u>	<u>3,995</u>	<u>33,176</u>
<b>FUND BALANCES (DEFICITS)</b>							
Restricted	-	98,865	501,809	-	187,711	131,999	1,477,427
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	(142,277)	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>98,865</u>	<u>501,809</u>	<u>(142,277)</u>	<u>187,711</u>	<u>131,999</u>	<u>1,477,427</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 114,590</u>	<u>\$ 506,822</u>	<u>\$ 9,404</u>	<u>\$ 193,222</u>	<u>\$ 135,994</u>	<u>\$ 1,510,603</u>

City of Lynnwood, Washington  
Combining Balance Sheet  
Nonmajor Capital projects funds  
December 31, 2014

	Interurban Overpass/ 44TH	I-5/196 Pedestrian Bridge	Park Acq & Development	Poplar Way Bridge Extension	Real Estate Excise Tax 2	Real Estate Excise Tax	Hardware/Sof tware Upgrade
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 71,298	\$ 4,497	\$ 305,890	\$ 1,074,576	\$ 25,403
Receivables, net	-	-	-	370,940	-	-	-
Due from other governments	-	-	-	-	51,911	51,911	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,298</u>	<u>\$ 375,437</u>	<u>\$ 357,801</u>	<u>\$ 1,126,487</u>	<u>\$ 25,403</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 7,354	\$ 156,980	\$ -	\$ -	\$ 4,603
Due to other funds	-	-	-	30,000	-	-	-
Other current liabilities	-	-	3,377	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,731</u>	<u>186,980</u>	<u>-</u>	<u>-</u>	<u>4,603</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>10,731</u>	<u>186,980</u>	<u>-</u>	<u>-</u>	<u>4,603</u>
<b>FUND BALANCES (DEFICITS)</b>							
Restricted	-	-	60,567	-	357,801	1,126,487	-
Committed	-	-	-	188,457	-	-	20,800
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>60,567</u>	<u>188,457</u>	<u>357,801</u>	<u>1,126,487</u>	<u>20,800</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,298</u>	<u>\$ 375,437</u>	<u>\$ 357,801</u>	<u>\$ 1,126,487</u>	<u>\$ 25,403</u>

City of Lynnwood, Washington  
Combining Balance Sheet  
Nonmajor Capital projects funds  
December 31, 2014

	Capital Development Plan	Interurban Trail	Citywide Safety Project	Total Nonmajor Capital projects funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 773,347	\$ 716,279	\$ 4,378	\$ 5,309,313
Receivables, net	-	41,295	55,570	604,795
Due from other governments	-	-	-	103,822
Total assets	<u>\$ 773,347</u>	<u>\$ 757,574</u>	<u>\$ 59,948</u>	<u>\$ 6,017,930</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 9,947	\$ 46,767	\$ 290,752
Due to other funds	-	-	10,000	190,000
Other current liabilities	-	-	-	3,377
Total liabilities	<u>-</u>	<u>9,947</u>	<u>56,767</u>	<u>484,129</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>9,947</u>	<u>56,767</u>	<u>484,129</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	747,627	-	4,690,293
Committed	773,347	-	3,181	985,785
Unassigned	-	-	-	(142,277)
Total fund balances (deficits)	<u>773,347</u>	<u>747,627</u>	<u>3,181</u>	<u>5,533,801</u>
Total liabilities and fund balances (deficits)	<u>\$ 773,347</u>	<u>\$ 757,574</u>	<u>\$ 59,948</u>	<u>\$ 6,017,930</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Capital projects funds  
For the Year Ended December 31, 2014

	Olympic View Drive	Traffic Signals	Roadway Surfacing	Sidewalks/Ped Improvements	196TH Improvements	36TH/35TH Ave West	204TH/SR99-68 Ave W
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	290,000	1,595,135	1,107	32,150	(6,601)	98,351
Charges for services	-	-	92,299	-	-	54	-
Other interest	-	-	-	-	-	-	-
Miscellaneous	111	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	192,100
Total revenues	<u>111</u>	<u>290,000</u>	<u>1,687,434</u>	<u>1,107</u>	<u>32,150</u>	<u>(6,547)</u>	<u>290,451</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	(2,332)	-
Culture and recreation	-	-	-	285	-	-	-
Transportation	-	-	1,996,319	-	-	-	80,722
Debt service:							
Interest	111	24	5	52	-	-	-
Capital outlay:							
Capital outlay	-	493,581	-	117,132	32,120	46,553	475,737
Total expenditures	<u>111</u>	<u>493,605</u>	<u>1,996,324</u>	<u>117,469</u>	<u>32,120</u>	<u>44,221</u>	<u>556,459</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(203,605)</u>	<u>(308,890)</u>	<u>(116,362)</u>	<u>30</u>	<u>(50,768)</u>	<u>(266,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	639,969	439,514	857,723	165,082	-	-	1,575,899
Transfers Out	-	-	-	-	-	-	-
Total other financing source (uses)	<u>639,969</u>	<u>439,514</u>	<u>857,723</u>	<u>165,082</u>	<u>-</u>	<u>-</u>	<u>1,575,899</u>
Net change in fund balances	639,969	235,909	548,833	48,720	30	(50,768)	1,309,891
Fund balances - beginning	(639,969)	(137,044)	(47,024)	(190,997)	187,681	182,767	167,536
Fund balances - ending	<u>\$ -</u>	<u>\$ 98,865</u>	<u>\$ 501,809</u>	<u>\$ (142,277)</u>	<u>\$ 187,711</u>	<u>\$ 131,999</u>	<u>\$ 1,477,427</u>

City of Lynnwood, Washington  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Capital projects funds  
 For the Year Ended December 31, 2014

	Interurban Overpass/ 44TH	I-5/196 Pedestrian Bridge	Park Acq & Development	Poplar Way Bridge Extension	Real Estate Excise Tax 2	Real Estate Excise Tax	Hardware/Sof tware Upgrade
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 698,190	\$ 698,190	\$ -
Intergovernmental revenues	-	-	39,529	534,775	-	-	-
Charges for services	-	-	-	-	-	-	-
Other interest	-	-	-	-	1,014	1,559	-
Miscellaneous	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-
Total revenues	-	-	39,529	534,775	699,204	699,749	-
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	12,593
Culture and recreation	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Debt service:							
Interest	-	-	-	-	-	-	-
Capital outlay:							
Capital outlay	-	-	99,652	615,501	-	-	512,990
Total expenditures	-	-	99,652	615,501	-	-	525,583
Excess (deficiency) of revenues over expenditures	-	-	(60,123)	(80,726)	699,204	699,749	(525,583)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	821	-	-	600,000
Transfers Out	(32,976)	(295,662)	-	-	(1,311,117)	(983,821)	-
Total other financing source (uses)	(32,976)	(295,662)	-	821	(1,311,117)	(983,821)	600,000
Net change in fund balances	(32,976)	(295,662)	(60,123)	(79,905)	(611,913)	(284,072)	74,417
Fund balances - beginning	32,976	295,662	120,690	268,362	969,714	1,410,559	(53,617)
Fund balances - ending	\$ -	\$ -	\$ 60,567	\$ 188,457	\$ 357,801	\$ 1,126,487	\$ 20,800

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Capital projects funds  
For the Year Ended December 31, 2014

	Capital Development Plan	Interurban Trail	Citywide Safety Project	Total Nonmajor Capital projects funds
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,396,380
Intergovernmental revenues	-	387,562	157,134	3,129,142
Charges for services	-	-	-	92,353
Other interest	805	-	-	3,378
Miscellaneous	-	-	-	111
Capital Grants and Contributions	-	-	-	192,100
Total revenues	<u>805</u>	<u>387,562</u>	<u>157,134</u>	<u>4,813,464</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	10,261
Culture and recreation	-	-	-	285
Transportation	-	-	-	2,077,041
Debt service:				
Interest	-	-	4	196
Capital outlay:				
Capital outlay	-	925,271	153,521	3,472,058
Total expenditures	<u>-</u>	<u>925,271</u>	<u>153,525</u>	<u>5,559,841</u>
Excess (deficiency) of revenues over expenditures	<u>805</u>	<u>(537,709)</u>	<u>3,609</u>	<u>(746,377)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	718,915	-	4,997,923
Transfers Out	(43,250)	-	-	(2,666,826)
Total other financing source (uses)	<u>(43,250)</u>	<u>718,915</u>	<u>-</u>	<u>2,331,097</u>
Net change in fund balances	(42,445)	181,206	3,609	1,584,720
Fund balances - beginning	815,792	566,421	(428)	3,949,081
Fund balances - ending	<u>\$ 773,347</u>	<u>\$ 747,627</u>	<u>\$ 3,181</u>	<u>\$ 5,533,801</u>

City of Lynnwood, Washington  
 101 CONVENTION CENTER  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 577,298	\$ 534,095	\$ 728,714	\$ 194,619
Intergovernmental revenues	530,000	444,218	640,412	196,194
Charges for services	-	-	53	53
Other interest	1,000	1,151	691	(460)
Total revenues	<u>1,108,298</u>	<u>979,464</u>	<u>1,369,870</u>	<u>390,406</u>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	1,200,311	1,230,995	1,234,412	(3,417)
Total current	<u>1,200,311</u>	<u>1,230,995</u>	<u>1,234,412</u>	<u>(3,417)</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,200,311</u>	<u>1,230,995</u>	<u>1,234,412</u>	<u>(3,417)</u>
Excess (deficiency) of revenues over expenditures	<u>(92,013)</u>	<u>(251,531)</u>	<u>135,458</u>	<u>386,989</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(99,731)</u>	<u>(142,534)</u>	<u>(77,555)</u>	<u>64,979</u>
Total other financing source (uses)	<u>(99,731)</u>	<u>(142,534)</u>	<u>(77,555)</u>	<u>64,979</u>
Net change in fund balances	(191,744)	(394,065)	57,903	451,968
Fund balances - beginning	693,928	693,928	693,928	-
Fund balances - ending	<u>\$ 502,184</u>	<u>\$ 299,863</u>	<u>\$ 751,831</u>	<u>\$ 451,968</u>

City of Lynnwood, Washington  
 104 DRUG ENFORCEMENT  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 17,000	\$ 17,000
Fines and forfeitures	70,000	107,573	41,187	(66,386)
Other interest	-	-	456	456
Total revenues	<u>70,000</u>	<u>107,573</u>	<u>58,643</u>	<u>(48,930)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>35,400</u>	<u>38,049</u>	<u>63,501</u>	<u>(25,452)</u>
Total current	<u>35,400</u>	<u>38,049</u>	<u>63,501</u>	<u>(25,452)</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Capital outlay	<u>115,000</u>	<u>223,007</u>	<u>-</u>	<u>223,007</u>
Total capital outlay	<u>115,000</u>	<u>223,007</u>	<u>-</u>	<u>223,007</u>
Total expenditures	<u>150,400</u>	<u>261,056</u>	<u>63,501</u>	<u>197,555</u>
Excess (deficiency) of revenues over expenditures	<u>(80,400)</u>	<u>(153,483)</u>	<u>(4,858)</u>	<u>148,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(60,000)	(106,092)	(50,255)	55,837
Gain (loss) on Disposition of capital assets	-	-	225	225
Total other financing source (uses)	<u>(60,000)</u>	<u>(106,092)</u>	<u>(50,030)</u>	<u>56,062</u>
Net change in fund balances	(140,400)	(259,575)	(54,888)	204,687
Fund balances - beginning	496,428	496,428	496,428	-
Fund balances - ending	<u>\$ 356,028</u>	<u>\$ 236,853</u>	<u>\$ 441,540</u>	<u>\$ 204,687</u>

City of Lynnwood, Washington  
105 CRIMINAL JUSTICE RESERVE  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 450,000	\$ 376,001	\$ 549,861	\$ 173,860
Intergovernmental revenues	75,800	38,064	124,360	86,296
Charges for services	-	-	34,881	34,881
Fines and forfeitures	6,700	13,400	-	(13,400)
Other interest	-	-	1,273	1,273
Miscellaneous	10,000	18,867	1,107	(17,760)
Total revenues	<u>542,500</u>	<u>446,332</u>	<u>711,482</u>	<u>265,150</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	65,300	(27,824)	40,007	(67,831)
Total current	<u>65,300</u>	<u>(27,824)</u>	<u>40,007</u>	<u>(67,831)</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Capital outlay	205,000	385,087	26,302	358,785
Total capital outlay	<u>205,000</u>	<u>385,087</u>	<u>26,302</u>	<u>358,785</u>
Total expenditures	<u>270,300</u>	<u>357,263</u>	<u>66,309</u>	<u>290,954</u>
Excess (deficiency) of revenues over expenditures	<u>272,200</u>	<u>89,069</u>	<u>645,173</u>	<u>556,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(153,084)	(176,259)	-	176,259
Gain (loss) on Disposition of capital assets	-	-	2,001	2,001
Total other financing source (uses)	<u>(153,084)</u>	<u>(176,259)</u>	<u>2,001</u>	<u>178,260</u>
Net change in fund balances	119,116	(87,190)	647,174	734,364
Fund balances - beginning	<u>1,051,332</u>	<u>1,051,332</u>	<u>1,051,332</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,170,448</u>	<u>\$ 964,142</u>	<u>\$ 1,698,506</u>	<u>\$ 734,364</u>

City of Lynnwood, Washington  
 110 TRANSPORTATION IMPACT FEE  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 79,000	\$ 79,000	\$ 596,419	\$ 517,419
Other interest	-	-	653	653
Miscellaneous	2,500	2,500	9,266	6,766
Total revenues	<u>81,500</u>	<u>81,500</u>	<u>606,338</u>	<u>524,838</u>
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>81,500</u>	<u>81,500</u>	<u>606,338</u>	<u>524,838</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(50,000)</u>	<u>(385,454)</u>	<u>(533,849)</u>	<u>(148,395)</u>
Total other financing source (uses)	<u>(50,000)</u>	<u>(385,454)</u>	<u>(533,849)</u>	<u>(148,395)</u>
Net change in fund balances	31,500	(303,954)	72,489	376,443
Fund balances - beginning	523,329	523,329	523,329	-
Fund balances - ending	<u>\$ 554,829</u>	<u>\$ 219,375</u>	<u>\$ 595,818</u>	<u>\$ 376,443</u>

City of Lynnwood, Washington

111 STREET

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 576,343	\$ 635,271	\$ 576,343	\$ (58,928)
Licenses and permits	100,000	79,109	132,536	53,427
Intergovernmental revenues	741,938	735,776	824,127	88,351
Charges for services	-	-	-	-
Other interest	-	-	68	68
Miscellaneous	-	-	-	-
Total revenues	<u>1,418,281</u>	<u>1,450,156</u>	<u>1,533,074</u>	<u>82,918</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>1,781,673</u>	<u>1,900,452</u>	<u>1,704,107</u>	<u>196,345</u>
Total current	<u>1,781,673</u>	<u>1,900,452</u>	<u>1,704,107</u>	<u>196,345</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Capital outlay	<u>-</u>	<u>31,311</u>	<u>5,270</u>	<u>26,041</u>
Total capital outlay	<u>-</u>	<u>31,311</u>	<u>5,270</u>	<u>26,041</u>
Total expenditures	<u>1,781,673</u>	<u>1,931,763</u>	<u>1,709,377</u>	<u>222,386</u>
Excess (deficiency) of revenues over expenditures	<u>(363,392)</u>	<u>(481,607)</u>	<u>(176,303)</u>	<u>305,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	382,500	560,418	-	(560,418)
Transfers Out	(40,000)	(66,667)	-	66,667
Gain (loss) on Disposition of capital assets	-	-	382	382
Insurance and claims	-	-	2,244	2,244
Total other financing source (uses)	<u>342,500</u>	<u>493,751</u>	<u>2,626</u>	<u>(491,125)</u>
Net change in fund balances	(20,892)	12,144	(173,677)	(185,821)
Fund balances - beginning	282,729	282,729	282,729	-
Fund balances - ending	<u>\$ 261,837</u>	<u>\$ 294,873</u>	<u>\$ 109,052</u>	<u>\$ (185,821)</u>

City of Lynnwood, Washington  
 112 ARTERIAL STREET

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Transportation	\$ -	\$ -	\$ 49	\$ (49)
Total current	-	-	49	(49)
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	49	(49)
Excess (deficiency) of revenues over expenditures	-	-	(49)	(49)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(14,086)	-	14,086
Total other financing source (uses)	-	(14,086)	-	14,086
Net change in fund balances	-	(14,086)	(49)	14,037
Fund balances - beginning	49	49	49	-
Fund balances - ending	\$ 49	\$ (14,037)	\$ -	\$ 14,037

City of Lynnwood, Washington  
 114 CUMULATIVE PARK RES & DEV  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other interest	\$ -	\$ -	\$ 128	\$ 128
Miscellaneous	20,000	38,954	9,342	(29,612)
Total revenues	<u>20,000</u>	<u>38,954</u>	<u>9,470</u>	<u>(29,484)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	21,500	43,000	-	43,000
Total current	<u>21,500</u>	<u>43,000</u>	<u>-</u>	<u>43,000</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>21,500</u>	<u>43,000</u>	<u>-</u>	<u>43,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500)</u>	<u>(4,046)</u>	<u>9,470</u>	<u>13,516</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	17,247	-	(17,247)
Total other financing source (uses)	<u>-</u>	<u>17,247</u>	<u>-</u>	<u>(17,247)</u>
Net change in fund balances	(1,500)	13,201	9,470	(3,731)
Fund balances - beginning	120,929	120,929	120,929	-
Fund balances - ending	<u>\$ 119,429</u>	<u>\$ 134,130</u>	<u>\$ 130,399</u>	<u>\$ (3,731)</u>

City of Lynnwood, Washington  
 116 CUMULATIVE ART RESERVE  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other interest	\$ -	\$ -	\$ 26	\$ 26
Total revenues	-	-	26	26
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	4,000	8,000	3,994	4,006
Total current	4,000	8,000	3,994	4,006
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	4,000	8,000	3,994	4,006
Excess (deficiency) of revenues over expenditures	(4,000)	(8,000)	(3,968)	4,032
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,000	8,000	-	(8,000)
Total other financing source (uses)	4,000	8,000	-	(8,000)
Net change in fund balances	-	-	(3,968)	(3,968)
Fund balances - beginning	26,505	26,505	26,505	-
Fund balances - ending	\$ 26,505	\$ 26,505	\$ 22,537	\$ (3,968)

City of Lynnwood, Washington  
 119 CUMULATIVE AID CAR RESERVE  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other interest	\$ -	\$ -	\$ 16	\$ 16
Miscellaneous	-	-	300	300
Total revenues	-	-	316	316
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	316	316
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	316	316
Fund balances - beginning	15,407	15,407	15,407	-
Fund balances - ending	\$ 15,407	\$ 15,407	\$ 15,723	\$ 316

City of Lynnwood, Washington  
120 EMS PROPERTY TAX RESERVE  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,009,002	\$ 1,941,427	\$ 2,082,503	\$ 141,076
Other interest	-	-	302	302
Total revenues	<u>2,009,002</u>	<u>1,941,427</u>	<u>2,082,805</u>	<u>141,378</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	13,264	(13,264)
Total current	<u>-</u>	<u>-</u>	<u>13,264</u>	<u>(13,264)</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Capital outlay	<u>7,500</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total capital outlay	<u>7,500</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>7,500</u>	<u>15,000</u>	<u>13,264</u>	<u>1,736</u>
Excess (deficiency) of revenues over expenditures	<u>2,001,502</u>	<u>1,926,427</u>	<u>2,069,541</u>	<u>143,114</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(2,046,502)</u>	<u>(2,100,210)</u>	<u>(2,182,993)</u>	<u>(82,783)</u>
Total other financing source (uses)	<u>(2,046,502)</u>	<u>(2,100,210)</u>	<u>(2,182,993)</u>	<u>(82,783)</u>
Net change in fund balances	(45,000)	(173,783)	(113,452)	60,331
Fund balances - beginning	<u>189,534</u>	<u>189,534</u>	<u>189,534</u>	<u>-</u>
Fund balances - ending	<u>\$ 144,534</u>	<u>\$ 15,751</u>	<u>\$ 76,082</u>	<u>\$ 60,331</u>

City of Lynnwood, Washington

121 TREE FUND RESERVE

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 3,700	\$ 3,700	\$ 37,379	\$ 33,679
Total revenues	<u>3,700</u>	<u>3,700</u>	<u>37,379</u>	<u>33,679</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	-	(6,427)	19,570	(25,997)
Utilities	<u>22,000</u>	<u>44,000</u>	<u>-</u>	<u>44,000</u>
Total current	<u>22,000</u>	<u>37,573</u>	<u>19,570</u>	<u>18,003</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>22,000</u>	<u>37,573</u>	<u>19,570</u>	<u>18,003</u>
Excess (deficiency) of revenues over expenditures	<u>(18,300)</u>	<u>(33,873)</u>	<u>17,809</u>	<u>51,682</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(45,485)	(45,485)	-
Total other financing source (uses)	<u>-</u>	<u>(45,485)</u>	<u>(45,485)</u>	<u>-</u>
Net change in fund balances	(18,300)	(79,358)	(27,676)	51,682
Fund balances - beginning	<u>118,297</u>	<u>118,297</u>	<u>118,297</u>	<u>-</u>
Fund balances - ending	<u>\$ 99,997</u>	<u>\$ 38,939</u>	<u>\$ 90,621</u>	<u>\$ 51,682</u>

City of Lynnwood, Washington

128 PATHS AND TRAILS

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 470,000	\$ 470,000
Total revenues	-	-	470,000	470,000
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Capital outlay	-	-	619	(619)
Total capital outlay	-	-	619	(619)
Total expenditures	-	-	619	(619)
Excess (deficiency) of revenues over expenditures	-	-	469,381	469,381
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	469,381	469,381
Fund balances - beginning	9,471	9,471	9,471	-
Fund balances - ending	<u>\$ 9,471</u>	<u>\$ 9,471</u>	<u>\$ 478,852</u>	<u>\$ 469,381</u>

City of Lynnwood, Washington  
 144 SOLID WASTE MANAGEMENT  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 19,600	\$ 15,233	\$ 22,691	\$ 7,458
Total revenues	<u>19,600</u>	<u>15,233</u>	<u>22,691</u>	<u>7,458</u>
<b>EXPENDITURES</b>				
Current:				
Utilities	45,490	58,228	43,652	14,576
Total current	<u>45,490</u>	<u>58,228</u>	<u>43,652</u>	<u>14,576</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>45,490</u>	<u>58,228</u>	<u>43,652</u>	<u>14,576</u>
Excess (deficiency) of revenues over expenditures	<u>(25,890)</u>	<u>(42,995)</u>	<u>(20,961)</u>	<u>22,034</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(25,890)	(42,995)	(20,961)	22,034
Fund balances - beginning	<u>87,546</u>	<u>87,546</u>	<u>87,546</u>	<u>-</u>
Fund balances - ending	<u>\$ 61,656</u>	<u>\$ 44,551</u>	<u>\$ 66,585</u>	<u>\$ 22,034</u>

City of Lynnwood, Washington  
 150 TRANSPORTATION BENEFIT DIST  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ 510,000	\$ 522,288	\$ 12,288
Charges for services	-	-	-	-
Other interest	-	100	932	832
Total revenues	-	510,100	523,220	13,120
<b>EXPENDITURES</b>				
Current:				
Transportation	-	1,506,341	1,104,518	401,823
Total current	-	1,506,341	1,104,518	401,823
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	1,506,341	1,104,518	401,823
Excess (deficiency) of revenues over expenditures	-	(996,241)	(581,298)	414,943
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(996,241)	(581,298)	414,943
Fund balances - beginning	689,454	689,454	689,454	-
Fund balances - ending	\$ 689,454	\$ (306,787)	\$ 108,156	\$ 414,943

City of Lynnwood, Washington  
 201 2001 LTGO REFUNDING BONDS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	\$ 15,292	\$ 15,292	\$ 15,292	\$ -
Fund balances - ending	\$ 15,292	\$ 15,292	\$ 15,292	\$ -

City of Lynnwood, Washington  
 202 2009 LTGO REFUNDING BONDS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Interest	\$ 46,800	\$ 47,037	\$ 46,800	\$ 237
Principal retirement	290,000	290,000	290,000	-
Total debt service	336,800	337,037	336,800	237
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	336,800	337,037	336,800	237
Excess (deficiency) of revenues over expenditures	(336,800)	(337,037)	(336,800)	237
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	336,800	363,180	337,621	(25,559)
Total other financing source (uses)	336,800	363,180	337,621	(25,559)
Net change in fund balances	-	26,143	821	(25,322)
Fund balances - beginning	28,067	28,067	28,067	-
Fund balances - ending	\$ 28,067	\$ 54,210	\$ 28,888	\$ (25,322)

City of Lynnwood, Washington  
 215 800 MHZ DEBT SERVICE  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Interest	\$ 33,669	\$ 33,669	\$ 33,668	\$ 1
Principal retirement	107,925	107,925	107,925	-
Total debt service	141,594	141,594	141,593	1
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	141,594	141,594	141,593	1
Excess (deficiency) of revenues over expenditures	(141,594)	(141,594)	(141,593)	1
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	141,594	141,563	137,834	(3,729)
Total other financing source (uses)	141,594	141,563	137,834	(3,729)
Net change in fund balances	-	(31)	(3,759)	(3,728)
Fund balances - beginning	15,508	15,508	15,508	-
Fund balances - ending	\$ 15,508	\$ 15,477	\$ 11,749	\$ (3,728)

City of Lynnwood, Washington  
 217 ENERGY CONSERVATION  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Interest	\$ 647	\$ 647	\$ 648	\$ (1)
Principal retirement	32,036	32,036	32,037	(1)
Total debt service	32,683	32,683	32,685	(2)
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	32,683	32,683	32,685	(2)
Excess (deficiency) of revenues over expenditures	(32,683)	(32,683)	(32,685)	(2)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	32,683	32,682	15,570	(17,112)
Total other financing source (uses)	32,683	32,682	15,570	(17,112)
Net change in fund balances	-	(1)	(17,115)	(17,114)
Fund balances - beginning	17,115	17,115	17,115	-
Fund balances - ending	\$ 17,115	\$ 17,114	\$ -	\$ (17,114)

City of Lynnwood, Washington  
 223 REC CENTER 2012 LTGO BONDS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Interest	\$ 893,613	\$ 893,614	\$ 893,612	\$ 2
Principal retirement	425,000	425,000	425,000	-
Total debt service	1,318,613	1,318,614	1,318,612	2
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	1,318,613	1,318,614	1,318,612	2
Excess (deficiency) of revenues over expenditures	(1,318,613)	(1,318,614)	(1,318,612)	2
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,318,613	1,306,490	1,321,096	14,606
Total other financing source (uses)	1,318,613	1,306,490	1,321,096	14,606
Net change in fund balances	-	(12,124)	2,484	14,608
Fund balances - beginning	106,692	106,692	106,692	-
Fund balances - ending	\$ 106,692	\$ 94,568	\$ 109,176	\$ 14,608

City of Lynnwood, Washington  
 224 LOCAL IMPROVEMENT GUARANTY  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other interest	\$ -	\$ -	\$ 504	\$ 504
Total revenues	-	-	504	504
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	504	504
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	504	504
Fund balances - beginning	504,377	504,377	504,377	-
Fund balances - ending	<u>\$ 504,377</u>	<u>\$ 504,377</u>	<u>\$ 504,881</u>	<u>\$ 504</u>

City of Lynnwood, Washington  
 263 LID 93-1 I-5 196TH PROJECT  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 7,093	\$ 7,093
Other interest	-	-	139,798	139,798
Capital Grants and Contributions	-	-	477,574	477,574
Total revenues	-	-	624,465	624,465
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Interest	-	-	134,938	(134,938)
Principal retirement	-	-	455,000	(455,000)
Total debt service	-	-	589,938	(589,938)
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	589,938	(589,938)
Excess (deficiency) of revenues over expenditures	-	-	34,527	34,527
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	34,527	34,527
Fund balances - beginning	645,994	645,994	645,994	-
Fund balances - ending	\$ 645,994	\$ 645,994	\$ 680,521	\$ 34,527

City of Lynnwood, Washington  
 265 65TH AVE SEWERS LID 97-01  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	\$ 53,665	\$ 53,665	\$ 53,665	\$ -
Fund balances - ending	\$ 53,665	\$ 53,665	\$ 53,665	\$ -

City of Lynnwood, Washington  
Statement of Net Position  
Proprietary Funds  
December 31, 2014

	Business-type Activities						Total Enterprise Funds
	Water/Sewer/ Storm Utility	2008 Utility Revenue Bonds	2010 Utility Revenue Bonds	Golf Course	2008 Utility Bond Construction	2010 Utility Bond Construction	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 14,169,684	\$ -	\$ -	\$ 255,034	\$ -	\$ -	\$ 14,424,718
Receivables, net	3,011,419	-	-	4,381	-	-	3,015,800
Receivables accrued interest	5,100	-	-	-	-	-	5,100
Prepaid expenses	29,302	-	-	2,278	-	-	31,580
Inventories, at cost	-	-	-	20,948	-	-	20,948
Restricted cash and investments	41,121	37,354	296,725	20,085	-	330,951	726,236
Customer advance payments	100,060	-	-	17,341	-	-	117,401
Revenue bond current debt service	555,000	-	-	-	-	-	555,000
Revenue bond future debt service - Bond reserve	-	-	588,605	-	-	-	588,605
Total current assets	17,911,686	37,354	885,330	320,067	-	330,951	19,485,388
Noncurrent assets:							
Notes receivable - noncurrent	61,322	-	-	-	-	-	61,322
Land	4,418,054	-	-	3,663,369	-	-	8,081,423
Other nondepreciable assets	4,150,120	-	-	-	-	-	4,150,120
Construction in progress	3,602,432	-	-	-	-	300,372	3,902,804
Buildings and building improvements, net of accum depreciation	5,747,733	-	-	113,447	-	-	5,861,180
Machinery and equipment, net of accumulated depreciation	2,658,084	-	-	3,800	-	-	2,661,884
Improvements other than buildings, net of accumulated depreciation	222,594	-	-	118,526	-	-	341,120
Infrastructure, net of accumulated depreciation	26,116,148	-	-	25,747	-	-	26,141,895
Total noncurrent assets	46,976,487	-	-	3,924,889	-	300,372	51,201,748
Total assets	64,888,173	37,354	885,330	4,244,956	-	631,323	70,687,136
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,324,843	-	-	27,286	-	979	1,353,108
Due to other funds	-	-	-	1,300,000	-	-	1,300,000
Wages payable	104,110	-	-	-	-	-	104,110
Gift certificates	-	-	-	17,341	-	-	17,341
Custodial accounts	141,981	-	-	2,112	-	-	144,093
Deposits Payable	-	-	-	20,085	-	-	20,085
Revenue bonds, net of current portion	-	15,271	23,076	-	-	-	38,347
Total current liabilities	1,570,934	15,271	23,076	1,366,824	-	979	2,977,084
Noncurrent liabilities:							
Claims and judgments	-	-	-	-	-	-	-
Matured bonds payable	-	265,000	290,000	-	-	-	555,000
Compensated absences - current	76,031	-	-	-	-	-	76,031
Compensated absences - noncurrent	192,555	-	-	-	-	-	192,555
Revenue bonds, net of current portion	-	4,170,000	7,145,000	-	-	-	11,315,000
Unamortized premium	-	191,979	45,963	-	-	-	237,942
(Less) Unamortized bond discount	-	(37,375)	(40,801)	-	-	-	(78,176)
Total noncurrent liabilities	268,586	4,589,604	7,440,162	-	-	-	12,298,352
Total liabilities	1,839,520	4,604,875	7,463,238	1,366,824	-	979	15,275,436
<b>NET POSITION</b>							
Net investment in capital assets	46,915,167	(4,589,604)	(7,440,162)	3,924,889	-	300,372	39,110,662
Restricted for:							
Capital projects	1,670,020	-	-	-	-	329,972	1,999,992
Debt Service	-	265,000	878,605	-	-	-	1,143,605
Unrestricted	14,463,466	(242,917)	(16,351)	(1,046,757)	-	-	13,157,441
Total net position	\$ 63,048,653	\$ (4,567,521)	\$ (6,577,908)	\$ 2,878,132	\$ -	\$ 630,344	\$ 55,411,700
Difference between business-type adjustments to assets and liabilities.							(685,035)
Net position of business-type activities							\$ 54,726,665

City of Lynnwood, Washington  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2014

	Business-type Activities						Total Enterprise Funds
	Water/Sewer/ Storm Utility	2008 Utility Revenue Bonds	2010 Utility Revenue Bonds	Golf Course	2008 Utility Bond Construction	2010 Utility Bond Construction	
<b>OPERATING REVENUES</b>							
Charges for services/fees-Water	\$ 5,210,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,210,836
Charges for services/fees-Sewer	8,995,429	-	-	-	-	-	8,995,429
Charges for services/fees-Storm	2,984,121	-	-	-	-	-	2,984,121
Charges for services	-	-	-	997,358	-	-	997,358
Other operating revenues	44,160	-	-	1,003	-	-	45,163
Other rents	-	-	-	115,385	-	-	115,385
Total operating revenues	<u>17,234,546</u>	<u>-</u>	<u>-</u>	<u>1,113,746</u>	<u>-</u>	<u>-</u>	<u>18,348,292</u>
<b>OPERATING EXPENSES</b>							
Charges for services/fees-Storm	-	-	-	-	-	-	-
Administrative and general-Water services	1,204,968	-	-	-	-	-	1,204,968
Administrative and general-Sewer services	734,992	-	-	-	-	-	734,992
Administrative and general-Storm drainage	602,278	-	-	-	-	-	602,278
Administrative and general	-	-	-	853,332	-	-	853,332
Maintenance and operations-Water	2,600,835	-	-	-	-	-	2,600,835
Maintenance and operations-Sewer	5,290,525	-	-	-	-	555,346	5,845,871
Maintenance and operations-Storm	1,283,879	-	-	-	-	(542,678)	741,201
Maintenance and operations	-	-	-	98,431	-	-	98,431
Insurance and claims	-	-	-	-	-	-	-
Depreciation	2,034,722	-	-	41,402	-	-	2,076,124
Total operating expenses	<u>13,752,199</u>	<u>-</u>	<u>-</u>	<u>993,165</u>	<u>-</u>	<u>12,668</u>	<u>14,758,032</u>
Operating income (loss)	<u>3,482,347</u>	<u>-</u>	<u>-</u>	<u>120,581</u>	<u>-</u>	<u>(12,668)</u>	<u>3,590,260</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Miscellaneous	51,679	-	-	(40)	-	-	51,639
Miscellaneous interest revenue	16,200	-	-	-	-	1,269	17,469
Debt issuance costs	(1,511)	(2,875)	(2,550)	-	-	-	(6,936)
Interest expense	-	(220,930)	(279,265)	(1,142)	-	-	(501,337)
Gain (loss) on Disposition of capital assets	475	-	-	-	-	-	475
Other non-operating revenues (expenses)	170,000	-	-	-	-	-	170,000
Total nonoperating revenues (expenses)	<u>236,843</u>	<u>(223,805)</u>	<u>(281,815)</u>	<u>(1,182)</u>	<u>-</u>	<u>1,269</u>	<u>(268,690)</u>
Income (loss) before contributions and transfers	3,719,190	(223,805)	(281,815)	119,399	-	(11,399)	3,321,570
Capital contributions and transfers							
Capital contributions-Water	80,969	-	-	-	-	-	80,969
Capital contributions-Sewer	11,752	-	-	-	-	-	11,752
Capital contributions-Storm	730,000	-	-	-	-	-	730,000
Transfers In	-	448,433	567,554	-	60,738	1,403,571	2,480,296
Transfers Out	(2,753,430)	(60,738)	(1,403,571)	-	-	-	(4,217,739)
Change in net position	1,788,481	163,890	(1,117,832)	119,399	60,738	1,392,172	2,406,848
Total net position - beginning	62,871,389	(4,731,411)	(5,460,076)	2,782,956	(60,738)	(761,828)	54,640,292
Prior Period Adjustment	(1,611,217)	-	-	(24,223)	-	-	(1,635,440)
Total net position - ending	<u>\$ 63,048,653</u>	<u>\$ (4,567,521)</u>	<u>\$ (6,577,908)</u>	<u>\$ 2,878,132</u>	<u>\$ -</u>	<u>\$ 630,344</u>	<u>\$ 55,411,700</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise							(966,283)
Changes in net position of business-type activities							<u>\$ 1,737,691</u>

**INTERNAL SERVICE FUNDS**

Internal service funds are used to account for services provided to other departments or agencies of the City, or to other governments on a cost-reimbursement basis.

Equipment Rental fund – 510/511/513: Consists of three managerial funds which combine to account for the City's transportation fleet including fleet acquisition and disposal, equipment installation, preventative maintenance, repairs, buildings and grounds supporting the Fleet, and the rental of motor vehicles to other departments and related costs.

Central Stores fund – 512: Central Stores fund has been discontinued and phased out.

Self-Insurance fund – 515: Consists of appropriations to pay estimated uninsured losses based on claims against the City. The fund pays for uninsured losses and professional risk management services as contracted.

Reserve Retirement Contribution fund – 519: Consists of appropriations to pay estimated excess compensation benefits to the Department of Retirement Systems.

City of Lynnwood, Washington  
Combining Statement of Net Position  
Nonmajor Internal service funds  
December 31, 2014

	Equipment Rental Reserve	Central Stores	Self - Insurance	Reserve Retirement Contribution	Total Nonmajor Internal service funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,198,146	\$ -	\$ 145,381	\$ 49,088	\$ 4,392,615
Receivables, net	4,864	-	25,212	-	30,076
Total current assets	<u>4,203,010</u>	<u>-</u>	<u>170,593</u>	<u>49,088</u>	<u>4,422,691</u>
Noncurrent assets:					
Buildings and building improvements, net of accumulated depreciation	1,497,715	-	-	-	1,497,715
Construction in progress	43,294	-	-	-	43,294
Machinery and equipment, net of accumulated depreciation	4,281,613	-	-	-	4,281,613
Total noncurrent assets	<u>5,822,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,822,622</u>
Total assets	<u>10,025,632</u>	<u>-</u>	<u>170,593</u>	<u>49,088</u>	<u>10,245,313</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	89,199	-	48,385	-	137,584
Wages payable	14,839	-	-	-	14,839
Total current liabilities	<u>104,038</u>	<u>-</u>	<u>48,385</u>	<u>-</u>	<u>152,423</u>
Noncurrent liabilities:					
Claims and judgments	-	-	39,381	-	39,381
Compensated absences - current	13,242	-	-	-	13,242
Compensated absences - noncurrent	39,996	-	-	-	39,996
Total noncurrent liabilities	<u>53,238</u>	<u>-</u>	<u>39,381</u>	<u>-</u>	<u>92,619</u>
Total liabilities	<u>157,276</u>	<u>-</u>	<u>87,766</u>	<u>-</u>	<u>245,042</u>
<b>NET POSITION</b>					
Net investment in capital assets	5,822,623	-	-	-	5,822,623
Restricted for:					
Unrestricted	4,045,733	-	82,827	49,088	4,177,648
Total net position	<u>\$ 9,868,356</u>	<u>\$ -</u>	<u>\$ 82,827</u>	<u>\$ 49,088</u>	<u>\$ 10,000,271</u>

City of Lynnwood, Washington  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Internal service funds  
For the Year Ended December 31, 2014

	Equipment Rental Reserve	Central Stores	Self - Insurance	Reserve Retirement Contribution	Total Internal service funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,348,210	\$ -	\$ 616,247	\$ -	\$ 2,964,457
Other operating revenues	1,088	-	-	-	1,088
Total operating revenues	<u>2,349,298</u>	<u>-</u>	<u>616,247</u>	<u>-</u>	<u>2,965,545</u>
<b>OPERATING EXPENSES</b>					
Administrative and general	216,742	-	32,100	31,361	280,203
Maintenance and operations	1,260,405	-	25,786	-	1,286,191
Insurance and claims	-	-	493,145	-	493,145
Depreciation	724,313	-	-	-	724,313
Total operating expenses	<u>2,201,460</u>	<u>-</u>	<u>551,031</u>	<u>31,361</u>	<u>2,783,852</u>
Operating income (loss)	<u>147,838</u>	<u>-</u>	<u>65,216</u>	<u>(31,361)</u>	<u>181,693</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Miscellaneous	-	(40,498)	-	-	(40,498)
Miscellaneous interest revenue	3,386	-	-	62	3,448
Insurance and claims	-	-	6,242	-	6,242
Interest expense	-	-	(345)	-	(345)
Gain (loss) on Disposition of capital assets	95,372	-	-	-	95,372
Other non-operating revenues (expenses)	158	-	-	-	158
Total nonoperating revenues (expenses)	<u>98,916</u>	<u>(40,498)</u>	<u>5,897</u>	<u>62</u>	<u>64,377</u>
Income (loss) before contributions and transfers	246,754	(40,498)	71,113	(31,299)	246,070
Transfers In	791,533	-	515,000	-	1,306,533
Change in net position	1,038,287	(40,498)	586,113	(31,299)	1,552,603
Total net position - beginning	9,414,185	40,498	(503,286)	80,387	9,031,784
Prior Period Adjustment	(584,116)	-	-	-	(584,116)
Total net position - ending	<u>\$ 9,868,356</u>	<u>\$ -</u>	<u>\$ 82,827</u>	<u>\$ 49,088</u>	<u>\$ 10,000,271</u>

City of Lynnwood, Washington  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2014

	Equipment Rental Reserve	Central Stores	Self - Insurance	Reserve Retirement Contribution	Totals
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 2,331,849	\$ 40,499	\$ 598,913	\$ -	\$ 2,971,261
Payments to employees	(536,963)	-	-	-	(536,963)
Payments for operating expenses	(1,055,831)	-	(704,659)	(31,361)	(1,791,851)
Payments/Receipts To Other Funds	-	(40,499)	(275,000)	-	(315,499)
<b>Net cash provided by (used for) operating activities</b>	<b>739,055</b>	<b>-</b>	<b>(380,746)</b>	<b>(31,361)</b>	<b>326,948</b>
<b>Cash flows from noncapital financing activities:</b>					
Insurance Recovery	-	-	6,243	-	6,243
Insurance Recovery Receivable	-	-	-	-	-
Misc. Non-Capital Financing	-	-	-	-	-
Interfund Loan Interest (Paid)/Received	-	-	(345)	-	(345)
Transfers In/(Out)	791,533	-	515,000	-	1,306,533
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>791,533</b>	<b>-</b>	<b>520,898</b>	<b>-</b>	<b>1,312,431</b>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(724,529)	-	-	-	(724,529)
Proceeds from sale of equipment	95,372	-	-	-	95,372
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(629,157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(629,157)</b>
<b>Cash flows from investing activities:</b>					
Purchase of investment securities	-	-	-	-	-
Proceeds from sale & maturities of investment securities	-	-	-	-	-
Interest and dividends on investments	3,386	-	-	62	3,448
<b>Net cash provided by (used for) investing activities</b>	<b>3,386</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>3,448</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>904,817</b>	<b>-</b>	<b>140,152</b>	<b>(31,299)</b>	<b>1,013,670</b>
<b>Cash and cash equivalents, January 1, 2014</b>	<b>3,293,329</b>	<b>-</b>	<b>5,229</b>	<b>80,387</b>	<b>3,378,945</b>
<b>Cash and cash equivalents, December 31, 2014</b>	<b>\$ 4,198,146</b>	<b>\$ -</b>	<b>\$ 145,381</b>	<b>\$ 49,088</b>	<b>\$ 4,392,615</b>

The notes to the financial statements are an integral part of this statement.

City of Lynnwood, Washington  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	Equipment Rental Reserve	Central Stores	Self - Insurance	Reserve Retirement Contribution	Totals
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income (loss)	\$ 147,838	\$ -	\$ 65,216	\$ (31,361)	\$ 181,693
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	724,313	-	-	-	\$ 724,313
Other non-operating receipts/disbursements	158	(40,499)	-	-	\$ (40,341)
Change in assets and liabilities:					
Receivables, net	(3,389)	40,499	(17,334)	-	\$ 19,776
Inventories, Deposits & Prepaid Expenses	-	-	-	-	\$ -
Accounts and other payables	(138,410)	-	44,207	-	\$ (94,203)
Compensated Absences	8,545	-	-	-	\$ 8,545
Other Current Liabilities	-	-	(472,835)	-	\$ (472,835)
Total adjustments	591,217	-	(445,962)	-	145,255
Net Cash Provided by (Used for) Operating Activities	<u>\$ 739,055</u>	<u>\$ -</u>	<u>\$ (380,746)</u>	<u>\$ (31,361)</u>	<u>\$ 326,948</u>

**Noncash investing, capital and financing activities:**

Retirement & write off of capital assets	\$ 584,116	\$ -	\$ -	\$ -	\$ 584,116
Gain/(loss) on property dispositions	95,372	-	-	-	95,372
Contributions of capital assets	-	-	-	-	-

Disclosure of accounting policy: For purposes of the Statement of Cash Flows, the Internal Service Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The notes to the financial statements are an integral part of this statement.

-	(40,499)	(275,000)	-	(315,499)
739,055	40,499	(105,746)	(31,361)	642,447

**FIDUCIARY FUNDS**

**Agency Funds**

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

City of Lynnwood, Washington  
 Combining Statement of Fiduciary Net Position  
 Agency funds  
 December 31, 2014

	<u>Agency</u>	<u>Agency Funds</u>	<u>Total Agency funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 400,132	\$ 81,697	\$ 481,829
Due from other governments	1,517	-	1,517
Total assets	<u>401,649</u>	<u>81,697</u>	<u>483,346</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 182,254	\$ -	\$ 182,254
Due to other governments	2,933	-	2,933
Custodial accounts	49,454	81,697	131,151
Deposits Payable	167,009	-	167,009
Total liabilities	<u>401,650</u>	<u>81,697</u>	<u>483,347</u>
<b>NET POSITION</b>			

City of Lynnwood, Washington  
 Combining Statement of Fiduciary Net Position  
 Private-purpose trust funds  
 December 31, 2014

	<u>Recreation Scholarship</u>	<u>Total Private- purpose trust funds</u>
<b>ASSETS</b>		
Restricted cash and investments	\$ 17,291	\$ 17,291
Total assets	<u>17,291</u>	<u>17,291</u>
<b>LIABILITIES</b>		
Total liabilities	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	<u>\$ 17,291</u>	<u>\$ 17,291</u>

City of Lynnwood, Washington  
 Combining Statement of Fiduciary Net Position  
 Pension trust funds  
 December 31, 2014

	Firefighter's Pension	Total Pension trust funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 570,066	\$ 570,066
Prepaid expenses	45,326	45,326
Total assets	<u>615,392</u>	<u>615,392</u>
<b>LIABILITIES</b>		
Total liabilities	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	<u>\$ 615,392</u>	<u>\$ 615,392</u>

City of Lynnwood, Washington  
Combining Statement of Changes in Fiduciary Net Position  
Pension trust funds  
For the Year Ended December 31, 2014

	Firefighter's Pension	Total Pension trust funds
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Contributions:		
Intergovernmental revenues	\$ 56,876	\$ 56,876
Other interest	651	651
Total contributions	<u>57,527</u>	<u>57,527</u>
Investment earnings:		
Total investment earnings	<u>-</u>	<u>-</u>
Net investment earnings	<u>-</u>	<u>-</u>
Total additions	<u>57,527</u>	<u>57,527</u>
 <b>DEDUCTIONS</b>		
Benefits	118,446	118,446
Administrative expenses	21,825	21,825
Total deductions	<u>140,271</u>	<u>140,271</u>
Change in net position	(82,744)	(82,744)
Net Position -- beginning of the year	698,136	698,136
Net Position -- end of the year	<u>\$ 615,392</u>	<u>\$ 615,392</u>

City of Lynnwood, Washington  
 Combining Statement of Changes in Fiduciary Net Position  
 Private-purpose trust funds  
 For the Year Ended December 31, 2014

	<u>Recreation Scholarship</u>	<u>Total Private- purpose trust funds</u>
<b>ADDITIONS</b>		
Contributions:		
Other interest	\$ 17	\$ 17
Total contributions	<u>17</u>	<u>17</u>
Investment earnings:		
Total investment earnings	<u>-</u>	<u>-</u>
Net investment earnings	<u>-</u>	<u>-</u>
Total additions	<u>17</u>	<u>17</u>
<b>DEDUCTIONS</b>		
Total deductions	<u>-</u>	<u>-</u>
Change in net position	17	17
Net Position -- beginning of the year	17,274	17,274
Net Position -- end of the year	<u>\$ 17,291</u>	<u>\$ 17,291</u>

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# Supplemental Information



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CITY OF LYNNWOOD, WASHINGTON

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014**

1 Federal Agency Name	2 Federal Program Name	3 CFDA Number	Pass-Thru Agency	4 Other I.D. Number	5 EXPENDITURES			6 Foot-note Ref.
					From Pass-Through Awards	From Direct Awards	Total	
U.S. Department of Housing and Urban Development Office of Community Planning and Development	Community Development Block Grants/Entitlement Grants	14.218	DOT	STPUL-9917(023)	22,914		\$ 22,914	
			SCHSD	HCD-12-21-1201-167	29,503		\$ 29,503	
			TIB	9-P-140(005)-1	45,934		\$ 45,934	
			Subtotal		98,351		\$ 98,351	
U.S. Department of Justice Criminal Division	Joint Law Enforcement Operations (JLEO)	16.111		PA-WAW-0271 Operation Takeout	-	14,877	\$ 14,877	
U.S. Department of Justice Bureau of Justice Assistance	STOP Violence Against Women Formula Grant Program	16.588	WSDOC	STOP VAWA - Violence Against Women	2,244		\$ 2,244	
U.S. Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	DOT	CM-0524(011) LA-7931 196th Street SW (SR524) Improvements	32,150			4
				STPUL-9931(009) LA-7167 35th/36th Ave W Roadway Improvements	38,252			
				STPUL-0524(013) LA-8304 SR 524 Improvements - SR 99 to Scriber Lake Rd	290,000			
				IMD-STPUL-2004(037) LA-5787 Lynnwood Poplar Way Overcrossing	534,775			
				CM-STPE-9999(640) LA-7613 Interurban Regional Trail Missing Links	387,562			
				STPUL-2543(001) LA-8095 2013 Road Overlay & Rebuild-44th Ave W	675,135			
				HSIP-000S(310) LA-7807 SR 99 and SR 524 Safety Improvements	113,517			
				HSIP-000S(311) LA-7808 SR 99 and SR 524 Real-time Adaptive Signal Control Implementation	13,660			
				HSIP-000S(309) LA-7806 Citywide Safety Improvements	24,670			
				HSIP-0099(121) LA-7800 SR 99 176th St SW Channelization and Road Diet	5,287			
Subtotal	2,115,007		\$ 2,115,007					
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	State and Community Highway Safety	20.600	WASPC	Traffic Safety Equipment Grant - Stalker Lidar XLR Radar	2,840			
				Traffic Safety Equipment Grant - Stalker Radar Safety Equipment	799			
Subtotal	3,639		\$ 3,639					
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	State and Community Highway Safety	20.600	WTSC	Target Zero	510			
				Impaired Driving	-			
				High Visibility	2,471			
				Target Zero DUI & Traffic Safety	6,685			
				Target Zero Teams	1,953			
Subtotal	11,618		\$ 11,618					
<b>Total - CFDA 20.600</b>					<b>15,258</b>		<b>\$ 15,258</b>	
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	Occupant Protection Incentive Grants	20.602	WTSC	High Visibility Enforcement Patrols: Seat Belt - Click It or Ticket	1,575		\$ 1,575	
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	National Priority Safety Programs	20.616	WTSC	Washington Traffic Safety				
				Target Zero Team DUI Patrol	14,501		\$ 14,501	
<b>Total - CFDA 20.6XX</b>					<b>31,334</b>		<b>\$ 31,334</b>	
U.S. Department of Homeland Security	Federal Disaster Assistance to Individuals and Households in Presidential Declared Disaster Areas	97.048	SCDEM	Federal Indirect Grant DHS - Interlocal Agreement Snohomish County	73,272	\$ -	\$ 73,272	
U.S. Department of Homeland Security	Homeland Security Grant Program	97.067	Secret Service	Secret Service Electronic Crimes Task Force	1,554			
			City of Seattle	Urban Areas Security Initiative	1,618			
Subtotal				3,173	\$ -	\$ 3,173		
<b>Total Federal Awards Expended</b>					<b>2,323,381</b>	<b>\$ 14,877</b>	<b>\$ 2,338,257</b>	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF LYNNWOOD, WASHINGTON

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014**

**NOTE 1 - BASIS OF ACCOUNTING**

The Schedules of Expenditures of Federal Awards and of State and Local Financial Assistance are prepared on the same basis of accounting as the City's financial statements. The City uses the accrual basis of accounting.

**NOTE 2 - PROGRAM COSTS**

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

**NOTE 3 - NOT APPLICABLE (N/A)**

The City was unable to obtain other identification numbers.

**NOTE 4 - REALLOCATION AND RE-NAMING OF GRANT FUNDING**

Remaining IMD Funds, #IMD-2004(037), awarded to a project labeled City Center Access Study, (IMD 2004 (037)), have been re-allocated under the new project name of Poplar Way Extension Bridge as authorized by FHWA. The City Center Access Study was a planning phase and has been completed. The same new project description has been applied to STP Grant #STPUL-2004(037).

CITY OF LYNNWOOD, WASHINGTON

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**For the Year Ended December 31, 2014**

1	2	3
Grantor/Program Title	Identification Number	Current Year Expenditures
Washington State Department of Transportation: Walking and Cycling Paths in Lynnwood	HLP-SR11(003)	\$ 1,107
Washington State Transportation Improvement Board 33rd Ave W Extension	9-P-140(006)-1	\$ 1,675,976
Administrative Office of the Courts: Court Interpreter Reimbursement Program	IAA12179	\$ 6,043
Department of Ecology: Waste Reduction and Recycling FY2012	G1200279	\$ -
Waste Reduction and Recycling FY2014	G1400088	\$ 22,691
Municipal Stormwater Capacity Grants Program FY2014	G1400263	\$ 170,000
Total Department of Ecology		\$ 192,691
Washington Traffic Safety Commission: School Zone Equipment Grant Program	SZ Flashing Lights	\$ -
Washington State Department of Health: Trauma Care Fund - Prehospital Participation Grant FY14	AMBV.ES.00000639	\$ 1,473
<b>TOTAL STATE ASSISTANCE:</b>		<b>1,877,290</b>

# Statistical Section



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## Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 60,585	\$ 94,387	\$ 85,505	\$ 101,902	\$ 112,038	\$ 119,542	\$ 103,947	\$ 102,878	\$ 105,273	\$ 108,229
Restricted	8,734	11,482	11,403	10,824	5,317	3,434	8,796	6,906	9,357	12,091
Unrestricted	15,588	13,787	15,684	10,394	1,058	661	8,085	14,259	19,684	22,572
Total governmental activities net assets	<u>\$ 84,907</u>	<u>\$ 119,656</u>	<u>\$ 112,592</u>	<u>\$ 123,120</u>	<u>\$ 118,413</u>	<u>\$ 123,637</u>	<u>\$ 120,828</u>	<u>\$ 124,043</u>	<u>\$ 134,314</u>	<u>\$ 142,892</u>
Business-type activities										
Net Investment in capital assets	\$ 43,655	\$ 44,707	\$ 41,126	\$ 39,047	\$ 37,485	\$ 36,825	\$ 44,192	\$ 41,185	\$ 39,477	\$ 39,111
Restricted	779	695	864	6,202	5,841	1,733	8,960	5,997	2,759	3,144
Unrestricted	9,118	7,937	9,060	8,821	8,046	17,138	2,596	6,985	12,388	12,472
Total business-type activities net assets	<u>\$ 53,552</u>	<u>\$ 53,339</u>	<u>\$ 51,050</u>	<u>\$ 54,070</u>	<u>\$ 51,372</u>	<u>\$ 55,696</u>	<u>\$ 55,748</u>	<u>\$ 54,167</u>	<u>\$ 54,624</u>	<u>\$ 54,727</u>
Primary government										
Net Investment in capital assets	\$ 104,240	\$ 139,094	\$ 126,631	\$ 140,949	\$ 149,523	\$ 156,367	\$ 148,139	\$ 144,063	\$ 144,750	\$ 147,340
Restricted	9,513	12,177	12,267	17,026	11,158	5,167	17,756	12,903	12,116	15,235
Unrestricted	24,706	21,724	24,744	19,215	9,104	17,799	10,681	21,244	32,072	35,044
Total primary government net assets	<u>\$ 138,459</u>	<u>\$ 172,995</u>	<u>\$ 163,642</u>	<u>\$ 177,190</u>	<u>\$ 169,785</u>	<u>\$ 179,333</u>	<u>\$ 176,576</u>	<u>\$ 178,210</u>	<u>\$ 188,938</u>	<u>\$ 197,619</u>

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Page 1 of 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 6,311	\$ 6,884	\$ 7,087	\$ 7,947	\$ 8,953	\$ 7,298	\$ 6,661	\$ 7,864	\$ 12,126	\$ 13,938
Judicial	-	-	-	-	-	1,174	1,046	1,060	1,567	998
Public Safety	18,746	21,015	23,222	25,203	27,527	25,856	24,493	25,552	26,684	26,272
Physical Environment	3,508	4,122	4,407	4,594	5,027	2,781	1,785	1,985	-	-
Utilities	-	-	-	-	-	-	-	-	33	295
Transportation	2,189	4,968	5,184	6,052	5,272	5,283	4,255	4,983	7,362	8,843
Natural Environment	-	-	-	-	-	-	-	-	153	110
Social Services	-	-	-	-	-	-	-	-	408	418
Human Services	383	458	498	616	718	-	-	-	-	-
Economic Environment	-	-	-	-	-	3,291	2,834	2,668	2,780	4,230
Culture and Recreation	6,552	6,658	7,154	6,507	7,039	5,789	7,289	7,406	8,250	6,833
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Interest on Long-term Debt	981	959	828	669	660	749	1,094	1,209	1,119	1,110
Total governmental activities expenses	38,671	45,064	48,380	51,588	55,196	52,221	49,457	52,727	60,482	63,047
Business type activities:										
Water/Sewer/Storm Water Utilities	9,526	10,183	10,637	11,446	12,017	11,612	12,841	14,314	14,297	14,917
Golf	941	832	999	1,019	1,101	1,449	1,082	1,068	977	1,019
Total business-type activities expense	10,467	11,015	11,636	12,465	13,118	13,061	13,923	15,382	15,274	15,936
Total primary government expenses	\$ 49,138	\$ 56,079	\$ 60,016	\$ 64,053	\$ 68,314	\$ 65,282	\$ 63,380	\$ 68,109	\$ 75,756	\$ 78,983
Program Revenue										
Governmental activities:										
Charges for services:										
General Government	\$ 3,680	\$ 3,314	\$ 5,465	\$ 6,798	\$ 6,563	\$ 1,749	\$ 2,760	\$ 2,683	\$ 6,880	\$ 4,907
Culture and Recreation	1,741	1,652	1,185	1,913	1,766	1,727	2,185	2,860	2,715	2,695
Other Activities	2,104	1,979	3,452	3,305	2,752	9,761	6,833	7,378	9,944	11,036
Operating grants and contributions	982	1,061	1,690	1,045	1,270	3,965	1,257	1,603	1,495	2,588
Capital grants and contributions	4,135	1,938	1,887	3,918	4,810	2,577	2,305	1,729	4,947	6,495
Total governmental activities program revenues	12,643	9,944	13,679	16,979	17,161	19,779	15,340	16,253	25,981	27,721
Business type activities:										
Charges for Services:										
Water/Sewer/Storm Water Utilities	8,632	9,066	10,299	11,487	11,750	12,543	13,740	14,348	16,125	17,242
Golf	1,269	1,205	1,199	1,075	1,070	984	1,067	949	1,083	1,113
Operating grants and contributions	-	-	-	-	-	-	-	106	-	170
Capital grants and contributions	1,833	855	666	205	96	248	212	124	225	823
Total business-type activities revenue	11,734	11,126	12,164	12,767	12,916	13,775	15,019	15,527	17,433	19,348
Total primary government program revenue	\$ 24,377	\$ 21,070	\$ 25,843	\$ 29,746	\$ 30,077	\$ 33,554	\$ 30,359	\$ 31,780	\$ 43,414	\$ 47,069
Net (expense)/revenue										
Governmental activities	\$ (26,028)	\$ (35,120)	\$ (34,701)	\$ (34,609)	\$ (38,035)	\$ (32,442)	\$ (34,117)	\$ (36,474)	\$ (34,501)	\$ (35,326)
Business type activities	1,267	111	528	302	(202)	714	1,096	145	2,159	3,412
Total primary government net expense	\$ (24,761)	\$ (35,009)	\$ (34,173)	\$ (34,307)	\$ (38,237)	\$ (31,728)	\$ (33,021)	\$ (36,329)	\$ (32,342)	\$ (31,914)

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Page 2 of 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Positions</b>										
Governmental activities:										
Taxes										
Property Taxes	8,391	8,762	9,788	10,168	10,008	10,387	11,092	11,072	11,515	11,511
Sales Taxes	18,339	19,550	20,573	19,255	15,844	16,151	16,828	18,076	19,070	19,856
Other Taxes	3,252	4,413	4,267	3,752	4,359	6,232	7,996	8,573	10,575	9,878
Investment earnings	1,237	1,533	1,965	1,643	802	388	271	237	204	168
Miscellaneous	60	2,447	23	617	(79)	1,667	7	(74)	5	13
Disposal of Capital Asset							-		(23)	247
Transfers	563	481	532	496	2,701	696	617	1,387	1,828	1,737
Total governmental activities	31,841	37,186	37,148	35,931	33,635	35,521	36,811	39,271	43,174	43,411
Business-type activities:										
Taxes	-		-							
Investment earnings	307	469	496	434	205	96	72	50	27	18
Miscellaneous									234	46
Disposal of Capital Asset							2		(4)	1
Transfers	(563)	(481)	(532)	(496)	(2,701)	(696)	(617)	(1,387)	(1,827)	(1,737)
Total business-type activities	(256)	(12)	(36)	(62)	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,674)
Total primary government	\$ 31,585	\$ 37,174	\$ 37,112	\$ 35,869	\$ 31,139	\$ 34,921	\$ 36,268	\$ 37,934	\$ 41,604	\$ 41,736
Change of net position:										
Governmental activities	\$ 5,813	\$ 2,066	\$ 2,447	\$ 1,322	\$ (4,400)	\$ 3,079	\$ 2,694	\$ 2,797	\$ 8,673	\$ 8,084
Business-type activities	1,011	99	492	240	(2,698)	114	553	(1,192)	589	1,738
Total primary government	\$ 6,824	\$ 2,165	\$ 2,939	\$ 1,562	\$ (7,098)	\$ 3,193	\$ 3,247	\$ 1,605	\$ 9,262	\$ 9,822

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Unreserved	6,596	6,197	6,197	6,106	(116)	4,638				
Nonspendable							\$ 910	\$ 721	\$ 434	\$ 2,453
Restricted							88	180	86	87
Committed							31	1,033	2,030	5,848
Assigned							4,716	3,710	2,920	1,502
Unassigned							6,780	12,580	15,683	8,012
<b>Total General fund</b>	<b>\$ 6,596</b>	<b>\$ 6,197</b>	<b>\$ 6,197</b>	<b>\$ 6,106</b>	<b>\$ (116)</b>	<b>\$ 4,638</b>	<b>\$ 12,525</b>	<b>\$ 18,224</b>	<b>\$ 21,153</b>	<b>\$ 17,902</b>
<b>All other governmental funds</b>										
Reserved	\$ 2,227	\$ 2,160	\$ 2,038	\$ 1,943	\$ 2,161	\$ 1,992				
Unreserved	-	-	-	-	-	25				
Undesignated	-	-	-	-	-	-				
Special Revenue Funds	8,871	8,935	9,824	6,896	5,305	4,281				
Capital Project Funds	6,373	9,092	8,890	8,880	3,173	(16,935)				
Permanent Funds	-	-	-	-	-	-				
Nonspendable							\$ -	\$ -	\$ -	\$ -
Restricted							5,266	5,983	8,834	10,619
Committed							1,247	1,715	1,558	1,099
Assigned							1,417	486	371	176
Unassigned							(26,038)	(1,156)	(1,069)	(142)
<b>Total all other governmental funds</b>	<b>\$ 17,471</b>	<b>\$ 20,187</b>	<b>\$ 20,752</b>	<b>\$ 17,719</b>	<b>\$ 10,639</b>	<b>\$ (10,637)</b>	<b>\$ (18,108)</b>	<b>\$ 7,028</b>	<b>\$ 9,694</b>	<b>\$ 11,752</b>
<b>Total governmental funds</b>	<b>\$ 24,067</b>	<b>\$ 26,384</b>	<b>\$ 26,949</b>	<b>\$ 23,825</b>	<b>\$ 10,523</b>	<b>\$ (5,999)</b>	<b>\$ (5,583)</b>	<b>\$ 25,252</b>	<b>\$ 30,847</b>	<b>\$ 29,654</b>

In 2011, the City adopted GASB 54 which required new classifications for fund balances.

**Change in Fund Balances of Governmental Funds**

Last Eight Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenue</b>								
Taxes	\$ 33,706	\$ 32,157	\$ 29,139	\$ 31,800	\$ 35,000	\$ 36,781	\$ 39,285	\$ 33,476
Licenses and permits	2,673	2,411	1,972	1,919	3,077	3,332	3,360	3,564
Intergovernmental	5,095	7,354	8,500	8,951	5,433	5,187	5,740	1,360
Charges for services	3,091	4,000	3,879	3,921	4,943	5,897	6,068	5,412
Fines	3,901	5,081	4,803	7,428	3,987	3,963	4,437	1,629
Investment earnings	1,747	1,457	701	357	266	232	200	16
Miscellaneous	397	478	443	412	373	438	405	434
<b>Total Revenue</b>	<b>50,610</b>	<b>52,938</b>	<b>49,437</b>	<b>54,788</b>	<b>53,079</b>	<b>55,830</b>	<b>59,495</b>	<b>45,891</b>
<b>Expenditures</b>								
General Government	7,906	8,751	9,623	8,854	8,056	8,307	8,330	9,903
Public Safety	22,127	24,020	26,498	24,608	23,857	24,624	25,309	26,172
Judicial	-	-	-	1,166	1,046	1,060	1,055	997
Utilities & Environment							1,280	251
Economic Environment							2,786	2,997
Physical Environment	4,376	4,703	5,070	5,915	4,882	4,685		110
Transportation	2,850	3,722	2,039	2,508	1,963	2,541	2,808	1,417
Health and Human Services	498	616	718	-	-	-	-	417
Culture and Recreation	6,612	6,018	6,590	5,322	6,390	6,290	6,608	5,690
Capital outlay	2,379	6,524	12,721	23,950	6,884	4,381	4,644	338
Debt service							-	
Principal	1,488	1,501	5,818	1,745	1,276	1,292	1,424	-
Interest	781	669	643	694	1,017	1,209	1,172	1
Other Charges	-	-	-	-	-	217	-	-
<b>Total Expenditures</b>	<b>49,017</b>	<b>56,524</b>	<b>69,720</b>	<b>74,762</b>	<b>55,371</b>	<b>54,606</b>	<b>55,416</b>	<b>48,293</b>
<b>Excess of revenue over (under) expenditure</b>	<b>1,593</b>	<b>(3,586)</b>	<b>(20,283)</b>	<b>(19,974)</b>	<b>(2,292)</b>	<b>1,224</b>	<b>4,079</b>	<b>(2,402)</b>
<b>Other financing sources (uses)</b>								
Transfers in	6,521	11,875	16,650	8,141	6,084	33,998	7,568	2,311
Transfers out	(7,640)	(11,919)	(14,296)	(7,495)	(5,672)	(30,958)	(5,435)	(3,527)
Refunding bonds issued			4,755					
Bond issued						24,955		
Premium on bonds						428		
Discount on bonds								
Payments to refunded bond escrow								
Capital leases								
Insurance recoveries						1	2	-
Sale of capital assets		702	4	2,819	3,531	1		368
<b>Total other financing sources (uses)</b>	<b>(1,119)</b>	<b>658</b>	<b>7,113</b>	<b>3,465</b>	<b>3,943</b>	<b>28,425</b>	<b>2,135</b>	<b>(848)</b>
<b>Net change in fund balances</b>	<b>\$ 474</b>	<b>\$ (2,928)</b>	<b>\$ (13,170)</b>	<b>\$ (16,509)</b>	<b>\$ 1,651</b>	<b>\$ 29,649</b>	<b>\$ 6,214</b>	<b>\$ (3,250)</b>
<b>Debt service as a percentage of noncapital expenditure</b>	<b>5.11%</b>	<b>4.54%</b>	<b>12.78%</b>	<b>5.04%</b>	<b>4.96%</b>	<b>5.72%</b>	<b>5.39%</b>	<b>0.00%</b>

Note: Financial information prior to 2007 is no longer available.

<sup>1</sup> Increase in 2009 was due primarily to refunding of bonds.

## General Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Gambling Tax	Admission Tax	Transient Lodging Tax	Other Taxes	Total
2005	\$ 8,391	\$ 18,339	\$ 286	\$ 227	\$ 454	\$ 440	\$ 1,845	\$ 29,982
2006	8,762	19,550	310	208	574	505	2,817	32,726
2007	9,323	20,012	352	180	597	561	2,492	33,517
2008	9,950	18,718	373	159	552	578	1,869	32,199
2009	10,008	15,391	396	164	556	454	2,170	29,139
2010	10,387	15,679	537	161	601	472	3,964	31,801
2011	11,092	16,318	456	162	555	510	5,907	35,000
2012	11,072	17,518	480	147	576	558	6,431	36,782
2013	11,264	18,450	491	120	617	620	7,726	39,288
2014	11,241	19,128	498	116	604	729	7,016	39,332

**Assessed and Estimated Actual Value of Taxable Property**

Fiscal Year 2005 - 2014

<u>Fiscal Year</u>	<u>Population</u>		<u>Assessed Value</u>
2005	34,830	\$	3,438,229,341
2006	35,230		3,966,328,334
2007	35,490		4,625,214,437
2008	35,680		5,207,253,142
2009	35,740		5,417,851,993
2010	35,836		5,237,466,464
2011	35,860		4,726,403,303
2012	35,900		4,207,375,958
2013	35,960		4,077,655,634
2014	36,485		4,404,126,247

Source: Snohomish County Assessor's Office

**Property Tax Rates - Direct and Overlapping Governments**

Last Ten Fiscal Years 2005 -2014

Fiscal Year	City of Lynnwood				Edmonds School District	Snohomish County	Wash. State	Other	Grand Total
	General Fund	Special Revenue Funds	Debt Service Funds	City of Lynnwood Total					
2005	\$ 1.95	\$ 0.42	\$ -	\$ 2.37	\$ 3.99	\$ 1.10	\$ 2.79	\$ 0.24	\$ 10.49
2006	1.78	0.38	-	2.16	3.74	1.00	2.53	0.22	9.65
2007	1.59	0.50	-	2.09	3.51	0.84	2.16	0.18	8.78
2008	1.46	0.45	-	1.91	3.19	0.72	1.91	0.47	8.20
2009	1.43	0.44	-	1.87	3.19	0.72	1.91	0.47	8.16
2010	1.50	0.50	-	2.00	3.42	0.78	1.99	0.58	8.77
2011	1.87	0.50	-	2.37	4.15	0.87	2.21	0.60	10.20
2012	2.15	0.50	-	2.65	4.70	0.98	2.38	0.61	11.32
2013	2.24	0.50	-	2.74	4.97	1.08	2.43	0.61	11.83
2014	2.07	0.50	-	2.57	4.65	1.08	2.38	0.61	11.29

Note: Rates are calculated per \$1,000 of assessed valuation

Information made available from the Snohomish County Tax Assessor's Office

**PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND NINE YEARS AGO

Name	Type of Business	Rank	December 31, 2014		Rank	December 31, 2005	
			Total Taxable Assessed Value (AV) <sup>2</sup>	Taxable Assessed Value		Total Taxable Assessed Value (AV) <sup>1</sup>	Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	1	\$ 121,356,485	2.76%	1	\$ 104,099,200	3.03%
Hudson Northview LLC	Property Management	2	35,256,854	0.80%			
ECI Three Alderwood LLC	Real Estate Management	3	35,225,500	0.80%			
Redstone Corporate Center LLC	Property Management	4	31,581,500	0.72%			
Yonnot Inc	Franchise Management	5	29,654,000	0.67%			
Lynnwood Center LLC	Retail Sales	6	27,164,471	0.62%	7	17,930,394	0.52%
Alderwood Heights Associates II LLC	Apartments	7	27,000,000	0.61%			
Macy's	Retail Sales	8	23,862,500	0.54%			
Fred Meyer Stores Inc.	Retail Sales	9	23,418,500	0.53%	8	17,802,200	0.52%
FO Lynnwood Property LLC	Real Estate Management	10	23,269,616	0.53%			
Sterling Realty Organization	Real Estate Management	11	19,249,000	0.44%			
Frontier Communications Northwest Inc.	Telecommunications	12	19,062,375	0.43%			
Alderwood Shopping Center 04 E LLC	Retail Sales	13	18,655,950	0.42%	19	10,829,000	0.31%
Whispering Cedars	Apartments	14	18,570,000	0.42%	18	11,136,000	0.32%
GFS Alderwood LLC	Retail Sales	15	17,860,000	0.41%	16	11,300,000	0.33%
			<u>\$ 471,186,751</u>	<u>10.70%</u>		<u>\$ 173,096,794</u>	<u>5.03%</u>

<sup>1</sup> 2005 Total Assessed Value - \$3,438,229,341

<sup>2</sup> 2014 Total Assessed Value - \$4,404,126,247

Source: Snohomish County Assessor's Office

## Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2004	\$ 7,868,683	\$ 7,670,711	97%	\$ 173,160	\$ 7,843,871	100%	\$ 274,429	3.49%
2005	8,145,373	7,982,692	98%	162,681	8,145,373	100%	267,261	3.28%
2006	8,554,006	8,396,237	98%	169,393	8,565,630	100%	245,534	2.87%
2007	8,634,738	9,414,049	109%	96,465	9,510,514	110%	305,242	3.54%
2008	9,962,083	9,776,666	98%	169,918	9,946,584	100%	246,230	2.47%
2009	10,130,180	9,864,428	97%	143,163	10,007,591	99%	362,870	3.58%
2010	10,497,809	10,204,634	97%	181,039	10,385,673	99%	424,351	4.04%
2011	11,199,322	10,900,599	97%	188,358	11,088,957	99%	467,139	4.17%
2012	11,147,913	10,861,252	97%	219,981	11,081,233	99%	459,188	4.12%
2013	11,162,474	10,975,171	98%	214,056	11,189,227	100%	361,105	3.23%
2014	11,325,709	11,124,426	98%	183,028	11,307,455	100%	334,468	2.95%

Source: Snohomish County Treasurer's Report

Source: Snohomish County Tax Assessor's Office Report

In spite of the current delinquent tax of \$96,465 in 2007, the City experienced higher collection of delinquent property taxes from prior years generating 9% more than the tax levy for the year.

**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Capital Leases	Special Assessment Bonds	Revenue Bonds	Total Outstanding Debt	Personal Income <sup>(1)</sup>	Percentage of Personal Income to Total Outstanding Debt	Population	Debt Per Capita
	<b>Governmental Activities</b>			<b>Business-type Activities</b>					
2005	\$ 9,357,882	\$ -	\$ 6,505,000	\$ 8,211,842	\$ 24,074,724	\$ 477,553,447	5.04%	34,830	\$ 691.21
2006	8,367,053	-	5,920,000	7,317,631	21,604,684	512,769,196	4.21%	35,230	613.25
2007	7,342,883	-	5,475,000	6,373,421	19,191,304	560,909,012	3.42%	35,490	540.75
2008	6,252,663	-	5,095,000	10,000,000	21,347,663	568,697,224	3.75%	35,680	598.31
2009	5,604,694	-	4,565,000	9,165,000	19,334,694	574,488,965	3.37%	35,740	540.98
2010	4,462,775	-	3,930,000	15,856,515	24,249,290	603,899,840	4.02%	35,836	676.67
2011	3,313,632	-	3,430,000	14,756,515	21,500,147	619,492,047	3.47%	35,860	599.56
2012	27,522,029	-	3,185,000	13,595,758	44,302,787	674,638,431	6.57%	35,900	1,234.06
2013	26,673,142	-	2,125,000	12,410,000	41,208,142	675,765,961	6.10%	35,960	1,145.94
2014	25,818,178	-	1,670,000	11,870,000	39,358,178	714,404,916	5.51%	36,485	1,078.75

<sup>(1)</sup> Source Lynnwood (city) QuickFacts from the US Census Bureau - Median Household Income / Persons per household

In 2012, the City issued a General Obligation Bond amounted to \$24,955,000 in financing the Capital Improvement Project on Parks and Recreation Remodeling of the Swim Center with an interest rate ranging to 2% to 4% for 25 years.

**Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt</b>	<b>Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>	<b>Percentage of Personal Income <sup>(2)</sup></b>
2005	34,830	\$ 3,438,229,341	\$ 9,357,882	\$ 369,365	\$ 8,988,517	0.26%	\$258.07	1.88%
2006	35,230	3,966,328,334	8,367,053	331,943	8,035,110	0.20%	228.08	1.57%
2007	35,490	4,625,214,437	7,342,883	371,743	6,971,140	0.15%	196.43	1.24%
2008	35,680	5,207,253,142	6,252,663	301,707	5,950,956	0.11%	166.79	1.05%
2009	35,740	5,417,851,993	5,604,694	520,045	5,084,649	0.09%	142.27	0.89%
2010	35,836	5,237,466,464	4,494,290	1,110,404	3,383,886	0.06%	94.43	0.56%
2011	35,860	4,726,403,303	3,345,145	1,149,143	2,196,002	0.05%	61.24	0.35%
2012	35,900	4,207,375,958	27,537,786	762,361	26,775,425	0.64%	745.83	3.97%
2013	35,960	4,077,655,634	26,673,140	881,218	25,791,922	0.63%	717.24	3.82%
2014	36,485	4,404,126,247	25,818,178	165,104	25,653,074	0.58%	703.11	3.59%

Note (2): See the Schedule of Demographic Statistics for personal income information

Source: Snohomish County Assessor's Office

**Computation of Direct and Overlapping Debt**  
**December 31, 2014**

Jurisdiction	Net Governmental Debt Outstanding (1)	Percentage Applicable to Lynnwood (2)	Amount Applicable to Lynnwood
City of Lynnwood	\$ 27,488,178	100.00%	\$ 25,818,178
OVERLAPPING			
Edmonds School District	342,380,000	23.87%	81,741,378
Public Hospital District #2	5,160,000	22.18%	1,144,325
Snohomish County	435,584,774	5.54%	24,146,013
TOTAL OVERLAPPING	<u>783,124,774</u>		<u>107,031,716</u>
Totals	<u>\$ 810,612,952</u>		<u>\$ 132,849,894</u>

CITY OF LYNNWOOD, WASHINGTON

COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Taxable Property Value	\$ 3,438,229,341	\$ 3,966,328,334	\$ 4,625,214,437	\$ 5,207,253,142	\$ 5,417,851,993	\$ 5,237,466,464	\$ 4,726,403,303	\$ 4,207,375,958	\$ 4,077,655,634	\$ 4,404,126,247
(1) 2.5% Limit for General Purposes is allocated between (2) councilmanic and (9) voted	85,955,734	99,158,208	115,630,361	130,181,329	135,446,300	130,936,662	118,160,083	105,184,399	101,941,391	110,103,156
(2) Up to 1.5% debt without a vote (councilmanic)	51,573,440	59,494,925	69,378,217	78,108,797	81,267,780	78,561,997	70,896,050	63,110,639	61,164,835	66,061,894
(3) Less: outstanding debt	(9,357,882)	(8,367,053)	(7,342,883)	(6,252,663)	(5,604,694)	(4,494,290)	(3,345,147)	(27,522,026)	(26,673,140)	(25,818,178)
(4) Less: Recreation Center BAN	-	-	-	-	-	(18,341,256)	(24,706,624)	-	-	-
(5) Less: accounts/contracts payable	-	-	-	-	-	-	(701,318)	(1,874,522)	(3,393,418)	(3,188,674)
(6) Less: other - comp absences & OEPP	-	-	-	-	-	-	(5,902,243)	(6,394,238)	(7,436,183)	(7,836,484)
(7) Add: available assets	369,366	331,943	371,744	300,708	520,738	520,047	837,663	559,756	304,528	165,104
(8) Equals: remaining debt capacity without a vote	42,584,924	51,459,815	62,407,078	72,156,842	76,183,824	56,246,498	37,078,381	27,879,609	23,966,622	29,383,662
Ratio of legal debt margin to debt limit	10%	8%	6%	5%	4%	17%	29%	33%	36%	33%
(9) 1% general purposes debt with a vote	34,382,293	39,663,283	46,252,144	52,072,531	54,178,520	52,374,665	47,264,033	42,073,760	40,776,556	44,041,262
(10) Less: outstanding debt	-	-	-	-	-	-	-	-	-	-
(11) Less: contracts payable	-	-	-	-	-	-	-	-	-	-
(12) Add: available assets	-	-	-	-	-	-	-	-	-	-
(13) Equals: remaining debt capacity with a vote	34,382,293	39,663,283	46,252,144	52,072,531	54,178,520	52,374,665	47,264,033	42,073,760	40,776,556	44,041,262
Ratio of legal debt margin to debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(14) 2.5% Utility purpose limit, voted	85,955,734	99,158,208	115,630,361	130,181,329	135,446,300	130,936,662	118,160,083	105,184,399	101,941,391	110,103,156
(15) Less: outstanding debt	-	-	-	-	-	-	-	-	-	-
(16) Less: contracts payable	-	-	-	-	-	-	-	-	-	-
(17) Add: available assets	-	-	-	-	-	-	-	-	-	-
(18) Equals: remaining debt capacity - utility purposes, voted	85,955,734	99,158,208	115,630,361	130,181,329	135,446,300	130,936,662	118,160,083	105,184,399	101,941,391	110,103,156
Ratio of legal debt margin to debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(19) 2.5% Open space, park and capital facilities, voted	85,955,734	99,158,208	115,630,361	130,181,329	135,446,300	130,936,662	118,160,083	105,184,399	101,941,391	110,103,156
(20) Less: outstanding debt	-	-	-	-	-	-	-	-	-	-
(21) Less: contracts payable	-	-	-	-	-	-	-	-	-	-
(22) Add: available assets	-	-	-	-	-	-	-	-	-	-
Equals: remaining debt capacity - open space and capital facilities, voted	85,955,734	99,158,208	115,630,361	130,181,329	135,446,300	130,936,662	118,160,083	105,184,399	101,941,391	110,103,156
Ratio of legal debt margin to debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source:

Schedule 10 to the Financial Statements.

Note: The Lynnwood Public Facilities District, a discretely presented component unit, debt is not included here, as they are capable of paying their debt. Refer it Note 1 in the Notes section.

## Legal Debt Margin Information

December 31, 2014

<b>Fiscal Year</b>	<b>Total Taxable Assessed Value</b>	<b>Taxable Assessed Value as a Percentage of Estimated Actual Value</b>	<b>Estimated Actual Taxable Value</b>
2014	4,404,126,247	100%	\$ 4,404,126,247
2013	4,077,655,634	100%	\$ 4,077,655,634
2012	4,207,375,958	100%	4,207,375,958
2011	4,726,403,303	100%	4,726,403,303
2010	5,237,466,464	100%	5,237,466,464
2009	5,417,851,993	100%	5,417,851,993
<b>Total Six Year Valuation</b>			<u>\$ 28,070,879,599</u>
<b>Six Year Average Full Valuation of Taxable Real Property</b>			\$ 4,678,479,933.17
<b>Constitutional Debt Limit (8.5% of Average Full Valuation)</b>			\$ 397,670,794
<b>Outstanding General Obligation Indebtedness as of December 31, 2014</b>			
<b>Governmental Activities - General Obligation Debt</b>			\$ 25,818,178
<b>Business-Type Activities - General Obligation Debt</b>			\$ 11,870,000
<b>Net Indebtedness subject to debt limit</b>			<u>\$ 37,688,178</u>
<b>Net debt contracting margin</b>			<u>\$ 359,982,616</u>
<b>Percentage of net debt contracting margin available</b>			90.52%
<b>Percentage of net debt contracting power exhausted</b>			9.48%

Source: Washinton State Department of Treasury  
 Certification of the Debt Limitation of the State of Washington

## Legal Debt Margin - December 31, 2014

	<b>Debt Limit</b>	<b>Applicable Debt</b>
General Purpose Debt Limit without a vote of the people (1.5%)	\$ 66,061,894	\$ 28,736,058
General Purpose Debt Limit with a vote of the people (1.0%)	\$ 44,041,262	\$ -
Utility Purpose Debt Limit with a vote of the people (2.5%)	\$ 110,103,156	\$ -
Open Space, Park, & Capital Facilities Debt Limit with a vote of the people (2.5%)	\$ 110,103,156	\$ -
	<u>\$ 330,309,468</u>	<u>\$ 28,736,058</u>

## Revenue Bond Coverage

### Water and Sewer Bonds

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Expense (1)	Net Revenue Available for Debt Service (2)	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 8,930,174	\$ 6,786,181	\$ 2,143,993	\$ 770,000	\$ 468,413	\$ 1,238,413	1.73
2006	9,526,506	7,413,499	2,113,007	810,000	432,223	1,242,223	1.70
2007	10,858,862	7,923,301	2,935,561	860,000	383,623	1,243,623	2.36
2008	11,829,290	8,597,098	3,232,192	905,000	332,023	1,237,023	2.61
2009	11,957,267	9,285,421	2,671,846	835,000	405,850	1,240,850	2.15
2010	12,548,396	9,453,570	3,094,826	1,060,000	372,450	1,432,450	2.16
2011	13,847,973	9,970,356	3,877,617	1,100,000	629,933	1,729,933	2.24
2012	15,315,872	12,383,231	2,932,641	1,145,000	568,660	1,713,660	1.71
2013	16,686,124	11,657,694	5,028,430	1,170,000	522,863	1,692,863	2.97
2014	18,187,155	14,035,457	4,151,698	540,000	476,063	1,016,063	4.09

As defined in applicable bond indentures or governing laws. City funds represented included the Waterworks Utility, which includes interest

1) Total expenses exclusive of depreciation and amortization.

2) Gross revenue in column (2) minus expenses in column (3).

## Demographics Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income <sup>(5)</sup>	Per Capita Income <sup>(1)</sup>	Median Age <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
2005	34,830	477,553,447	\$ 13,711	35.6	10,777	4.8%
2006	35,230	512,769,196	14,555	35.7	10,828	4.1%
2007	35,490	560,909,012	15,805	35.8	10,336	4.5%
2008	35,680	568,697,224	15,939	35.8	9,840	5.2%
2009	35,740	574,488,965	16,074	35.8	7,438	9.5%
2010	35,836	603,899,840	16,852	35.8	5,582	9.2%
2011	35,860	619,492,047	17,275	35.8	6,264	8.9%
2012	35,900	674,638,431	18,792	37.3	7,370	7.2%
2013	35,960	675,765,961	18,792	37.3	9,107	5.3%
2014	36,485	714,404,916	19,581	37.3	10,799	5.3%

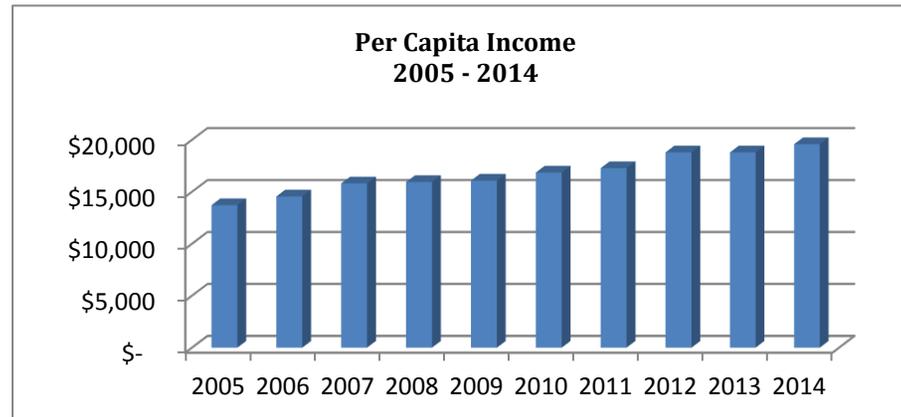
<sup>(1)</sup> Source: Lynnwood Quickfacts from the US Census Bureau - Household Income / Persons per Household

<sup>(2)</sup> Source: Washington State Office of Financial Management, Forecasting Division, for Snohomish County.

<sup>(3)</sup> Source: Edmonds School District Administration - number of students in district w/ Lynnwood address

<sup>(4)</sup> Source: Washington State Employment Security Department for Snohomish County

<sup>(5)</sup> Source: US Census Bureau Lynnwood Quickfacts - Household Income / Persons per Household \* Population



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

Taxpayer	<u>December 31, 2014</u>			<u>December 31, 2005</u>		
	Rank	Employees	% of Total Employees	Rank	Employees	% of Total Employees
Edmonds School District #15	1	2,717	21.40%	Not collected in 2005		
City of Lynnwood	2	482	3.80%	Not collected in 2005		
Nordstrom Inc.	3	449	3.54%	1	427	8.63%
Clear Water Compliance LLC	4	354	2.79%			
Macy's	5	345	2.72%	2	400	8.08%
Fred Meyers	6	306	2.41%	4	224	4.53%
JC Penney	7	241	1.90%	5	210	4.24%
Costco Wholesale	8	228	1.80%	10	126	2.55%
ADP LLC	9	211	1.66%			
Zumiez Inc	10	197	1.55%			
		<u>5,530</u>	<u>43.57%</u>		<u>1,387</u>	<u>28.03%</u>

Source: Information is from City of Lynnwood's Tax Tools software  
City of Lynnwood Employees headcount for 2014 is from the Budget Office

## Budgeted Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	94.75	95.60	97.25	91.50	117.34	117.34	79.67	79.67	84.41	82.06
Public Safety										
Police										
Officer	68.50	68.50	72.50	77.00	85.00	85.00	75.00	75.00	72.60	71.60
Civilians	14.00	14.00	14.00	16.00	15.00	15.00	12.00	12.00	13.00	14.00
Detention and Corrections	12.00	13.00	15.00	16.00	16.00	16.00	17.00	17.00	16.00	16.00
Animal Control	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Fire										
Firefighters, Medics, and Officers	54.00	55.00	55.00	57.00	60.00	60.00	53.00	53.00	58.00	57.00
Civilians	2.25	2.15	2.15	3.00	3.40	3.40	1.40	1.40	1.50	2.50
Public Works										
Engineering and Inspections	17.00	17.00	16.00	24.50	20.63	20.63	20.75	20.75	18.00	20.50
Street Maintenance	25.50	25.00	20.00	20.00	12.00	12.00	11.00	11.00	9.15	9.15
Water	9.00	9.00	9.00	5.00	10.00	19.00	9.00	9.00	9.00	9.35
Sewer	17.00	17.00	17.00	15.00	19.00	19.00	19.00	19.00	19.00	20.00
Storm Drainage	4.00	4.00	4.00	4.00	6.00	6.00	10.00	10.00	10.00	11.00
Culture and Recreation	48.25	48.25	49.60	51.00	56.97	56.97	46.83	46.83	41.98	41.98
Totals	368.25	370.50	373.50	382.00	423.34	432.34	355.65	355.65	353.64	356.14

Information obtained from City of Lynnwood Budget Department.

## Operating Indicators by Function

Last Three Fiscal Years

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government			
Building Permits	2,225	2,247	2,423
Public Safety			
Police			
Inmates Booked	4,269	4,065	4,047
Physical arrests (UCR)			
Adults	2,345	2,226	2,430
Juveniles	438	431	362
Citations	9,518	10,274	9,684
Fire			
Number of calls answered	7,046	6,940	6,963
Inspections	3,806	5,171	4,958
Transportation			
Potholes repaired	52	81	28
Culture and Recreation			
Total recreation program registrations (net)	27,376	29,022	29,857
Recreation center usage (drop in's/memberships, not registered participants)	248,517	256,129	244,183
Water			
New connections			
Average daily consumption (CCF)	3,850	3,952	3,960
Hydrant Inspected/repaired/replacement	1,623	1,705	1,106
Sewer			
Average daily sewer treatment (MGD)	4.64	4.15	4.52

Note: Information prior to 2012 is no longer available.

## Capital Asset Statistics by Function

Last Three Fiscal Years

Function	2012	2013	2014
Public Safety			
Police			
Number of Stations	1	1	1
Number of Police Units	81	81	79
Fire			
Number of Stations	2	2	2
Transportation			
Miles of streets, lane miles	272	272	272
Number of signals	55	55	55
Number of street lights	356	356	373
Culture and recreation			
Number of parks	16	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	120.94 acres
Miles of trails outside of parks	6.78	6.78	6.78
Golf courses	1	1	1
Recreation center	1	1	1
Senior Center	1	1	1
Water			
Number of Consumers	8053	8053	8538
Miles of water mains	169	169	162
Fire hydrants	1007	1007	1043
Sewer			
Miles of sanitary sewers	96.9	96.9	106.7
Number of sewer customers	8514	8514	8071
Maximum monthly treatment plant capacity	7.4 MGD	7.4 MGD	7.4 MGD

Information obtained from various City departments responsible for the above functions

Note: Information prior to 2012 is no longer available.