

# 2015 Comprehensive Annual Financial Report



**CITY OF LYNNWOOD**  
WASHINGTON



# **CITY OF LYNNWOOD, WASHINGTON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended

December 31, 2015

Prepared by:

Accounting Manager, Jeannie Brown, CPA  
Finance Director, Sonja Springer, CPA.  
Finance Supervisors Kim Koronko and Sherri Gordon, CPA  
Budget Coordinator, Marilou Moore, CPA

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**CITY OF LYNNWOOD, WASHINGTON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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# INTRODUCTORY SECTION

December 12, 2016

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, 2015. 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.

## **COMMUNITY 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). It is believed that Lynnwood's residential population of 36,590 is considerably less than the City's daytime population. The City encompasses 7.86 square miles, and is planning for a 2035 population within that area of 54,000. In addition, Lynnwood is expected to grow in both size and population through annexation of adjacent unincorporated areas—with a total 2035 population of approximately 85,000.

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; criminal justice, planning and zoning; parks and recreation; economic development; streets and traffic management; and water, wastewater and stormwater utilities.

Lynnwood has adopted financial management policies to guide budgeting and accounting practices. The City Council adopts a biennial budget each even-numbered year for the subsequent two years. The budget process includes a detailed, six-year financial forecast, which serves as the foundation for the City of Lynnwood's financial planning. 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.

As a regional employment center and a retail shopping destination, Lynnwood is recognized as key catalyst for the economic health of Snohomish County. In 2015, the City issued nearly 4,500 business licenses. Value-added new construction during 2015 exceeded \$160 million, and is projected to exceed \$103 million during 2016. Local businesses employ more than 21,700 people here.

The City has one of the lowest property tax levy rates in the Puget Sound region. For 2015, the rate was \$2.45 per \$1,000 of assessed valuation [which includes a special levy of \$0.47 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 national department stores (Nordstrom's, JC Penny, and Macy's), 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 Costco.

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 under construction 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 rooms, Lynnwood’s lodging industry serves both Snohomish County and King County. In 2015, Lynnwood received a lodging tax distribution of \$827,000, a 13-percent increase over 2014. 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, the regional Interurban Trail, and a robust arterial street network.

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.

Lynnwood continues to invest in capital facilities needed to provide services to our community. Investments in general government capital facilities amounted to over \$8.9 million in 2015. Projects completed or in progress in 2015 ranged from roadway construction and infrastructure improvements to significant trail and park improvements. Investments in capital assets of the City's utilities amounted to \$7.9 million in 2015.

Lynnwood Place, located across from the Alderwood Mall, is being constructed in two phases: 1) Costco Wholesale store, which opened in October 2015; and 2) mixed-used buildings with structured parking. A specific timeframe for Phase 2 is being developed.

Final design is underway for Sound Transit's Lynnwood Link light rail service between Lynnwood and Seattle, Bellevue, and Sea-Tac International Airport. Beginning in 2023, the Lynnwood station, which will be the terminus of the northern route, 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.

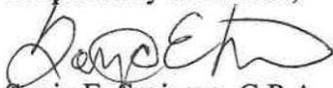
## **ACKNOWLEDGEMENTS**

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 Jeannie Brown, Sherri Gordon, Kim Koronko, Marilou Moore, 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

**ELECTED OFFICIALS**  
(in office as of December 31, 2015)



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

**CITY COUNCIL**



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



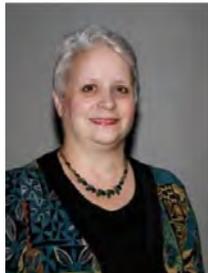
Sid Roberts  
Council Vice-President  
Position 6—*Term Expires 2015*



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 Director  
Information Technology 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

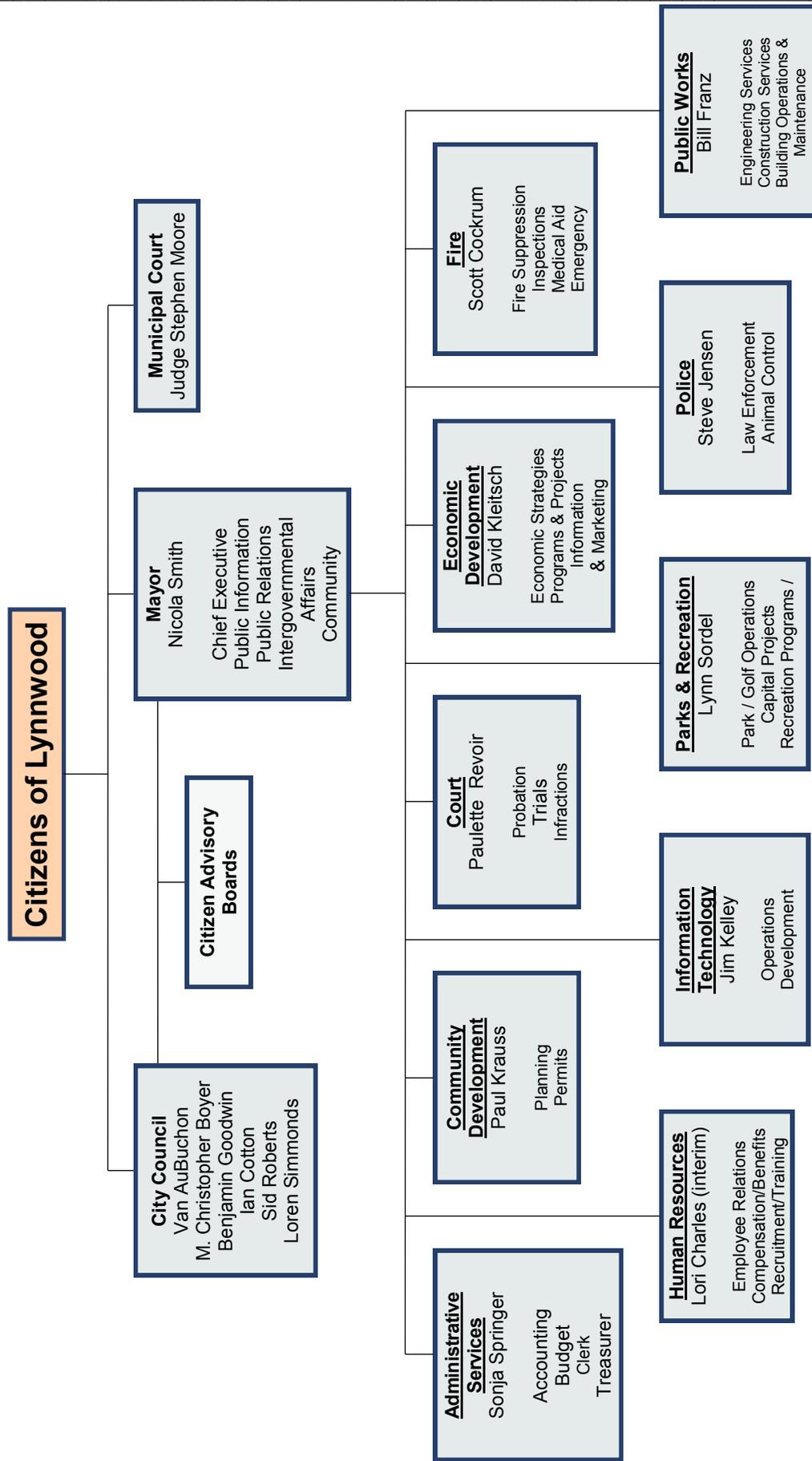
Art Ceniza  
Sonja Springer  
Jim Kelley  
Steve Jensen  
Scott Cockrum  
William Franz  
Paul Krauss  
Lynn Sordel  
Lori Charles  
David Kleitsch  
Paulette Revoir

Inslee, Best, Doezie & Ryder, P.S.

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# 2015 Organizational Chart



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# FINANCIAL SECTION



## Washington State Auditor's Office

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

December 12, 2016

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, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of and for the year ended December 31, 2015, 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, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. 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 27, budgetary comparison information on pages 90 through 91, pension plan information on pages 92 through 98 and information on postemployment benefits other than pensions on page 99 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 supplementary financial information on pages 102 through 246 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 December 12, 2016, 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,



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

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## MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the City of Lynnwood, Washington (“the City”) comprehensive annual financial report (CAFR), the City’s management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2015. We discuss and analyze the City’s financial performance within the context of the accompanying financial statements, schedules, and note disclosures following this section.

### ***Financial Highlights***

- The City’s assets exceeded its liabilities by \$201,353,709 (net position) for the calendar year reported.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets, of \$157,921,923 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$14,717,508 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$28,714,278 represents the portion available to maintain the City’s continuing obligations to citizens and creditors.
- In this fiscal year, the City implemented new pension accounting and financial reporting standards. As a result, the City now reports a net pension liability to all of its employees of over \$14 million. This liability causes the total unrestricted net position to be reported as \$28 million, rather than \$42 million.
- The City’s governmental funds reported a total ending fund balance of \$32,908,782 this year. This compares to the prior year restated ending fund balance of \$29,183,591, showing an increase of \$3,725,191 or 12.8% during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$11,493,349, or 23.4% of total General Fund expenditures.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the “financial analysis” section of this document.

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

This Management Discussion and Analysis (MD&A) document introduces the City’s basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

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

The City’s annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City’s overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and the elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City’s assets and liabilities, 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 as a whole is improving or deteriorating.

Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*. This statement reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when the City receives or pays cash.

An important purpose of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Governmental activities included in this statement are general government, judicial, public safety, physical environment, transportation, economic environment and culture and recreation. Business-type activities include water, sewer and storm water. Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements are presented on pages 30 and 31 of this report.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. For example, the Street Fund accounts for dollars associated with street maintenance. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds: Governmental, Proprietary and Fiduciary

- *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements such as police, fire and administration. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 32 - 35 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

- *Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee such as water, sewer and storm water. The City's proprietary funds are classified as enterprise funds and an internal service fund. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The internal service fund is an equipment rental fund.

The basic enterprise fund financial statements are presented on pages 36 - 39 of this report.

- *Fiduciary fund* type represents funds held in trust, and includes the firemen's pension trust fund and five agency funds. The statements for these funds are presented on pages 40 and 41.

***Notes to the Basic Financial Statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 44 of this report.

***Required Supplementary Information***

This section includes the budgetary schedules for the general fund and the street construction fund. We present other budgetary schedules in the supplementary information section on pages 90 - 101.

***Supplementary Information***

Combining and comparative individual statements and schedules for some major and nonmajor funds are presented as supplementary information in this report beginning on page 104.

*(This page continued on the subsequent page)*

**Financial Analysis of the City as a Whole**

The City's net position at calendar year-end was \$201,353,709. The following table provides a summary of the City's net position:

**Summary of Net Position at December 31,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>Restated 2014</b>	<b>2015</b>	<b>Restated 2014</b>	<b>2015</b>	<b>Restated 2014</b>
<b>Assets:</b>						
Current	\$ 44,248,422	\$ 45,744,279	\$ 14,670,054	\$ 17,561,675	\$ 58,918,476	\$ 63,305,954
Capital assets	148,477,473	135,717,634	55,099,504	51,140,427	203,576,977	186,858,061
Other	9,872,668	-	24,448,443	-	34,321,111	-
<b>Total assets</b>	<b>202,598,563</b>	<b>181,461,913</b>	<b>94,218,001</b>	<b>68,702,102</b>	<b>296,816,564</b>	<b>250,164,015</b>
Deferred outflows of resources	2,049,947	-	254,109	-	2,304,056	-
<b>Liabilities:</b>						
Current	6,997,641	3,606,612	4,321,172	1,677,085	11,318,813	5,283,697
Non-current	44,404,631	34,963,244	38,400,340	12,298,350	82,804,971	47,261,594
<b>Total liabilities</b>	<b>51,402,272</b>	<b>38,569,856</b>	<b>42,721,512</b>	<b>13,975,435</b>	<b>94,123,784</b>	<b>52,545,291</b>
Deferred inflows of resources	3,288,278	-	354,849	-	-	-
<b>Net position:</b>						
Net investment in capital assets	122,437,252	108,229,455	35,484,671	39,110,662	157,921,923	147,340,117
Restricted	13,138,440	12,090,347	1,579,068	3,143,597	14,717,508	15,233,944
Unrestricted	14,382,268	22,572,255	14,332,010	12,472,406	28,714,278	35,044,661
<b>Total net position</b>	<b>149,957,960</b>	<b>142,892,057</b>	<b>51,395,749</b>	<b>54,726,665</b>	<b>201,353,709</b>	<b>197,618,722</b>
Correction to 2014 reporting errors	-	1,984,675	-	70,293	-	2,054,968
Restatement of beginning net position - pension reporting	-	(8,178,468)	-	(2,610,301)	-	(10,788,769)
<b>Restated net position</b>	<b>\$ 149,957,960</b>	<b>\$ 136,698,264</b>	<b>\$ 51,395,749</b>	<b>\$ 52,186,657</b>	<b>\$ 201,353,709</b>	<b>\$ 188,884,921</b>

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.3 to 1 as compared to 12.7 to 1 at December 31, 2014. The current ratio for the business-type activities at December 31, 2015 is 3.4 to 1 as compared to 10.5 to 1 at December 31, 2014. For the City overall, the current ratio is 5.2 to 1 as compared to 12 to 1 at December 31, 2014. These ratios are strong.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$13,259,696 for governmental activities and decreased by \$790,908 for business-type activities. The City's overall financial position increased during calendar year 2015 by \$12,468,788.

Note that 81.6% of the governmental activities' net position is committed to in capital, such as building, infrastructure, vehicles and equipment. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent 69% of its net position. Capital assets in the business-type activities also provide water, sewer and storm water services and the golf course, but they also generate revenues for these funds. Overall, 78.4% of the City's total net position is included in capital assets.

The following table provides a summary of the City's changes in net position:

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Revenues:						
Program:						
Charges for services	\$ 14,160,228	\$ 18,637,738	\$ 19,504,877	\$ 18,354,807	\$ 33,665,105	\$ 36,992,545
Operating grants and contributions	1,219,077	2,587,992	-	170,000	1,219,077	2,757,992
Capital grants and contributions	11,921,777	6,495,186	111,009	822,722	12,032,786	7,317,908
General:						
Property taxes	11,514,783	11,510,488	-	-	11,514,783	11,510,488
Sales taxes	21,129,570	19,856,302	-	-	21,129,570	19,856,302
Other taxes	10,030,887	9,878,436	-	-	10,030,887	9,878,436
Other revenues	923,589	181,488	18,088	62,593	941,677	244,081
<b>Total revenues</b>	<b>70,899,911</b>	<b>69,147,630</b>	<b>19,633,974</b>	<b>19,410,122</b>	<b>90,533,885</b>	<b>88,557,752</b>
Program Expenses:						
General government	11,731,113	13,937,566	-	-	11,731,113	13,937,566
Economic environment	2,873,825	4,230,397	-	-	2,873,825	4,230,397
Judicial	1,080,402	997,957	-	-	1,080,402	997,957
Natural environment	282,648	110,007	-	-	282,648	110,007
Culture and recreation	6,793,092	6,832,934	-	-	6,793,092	6,832,934
Public safety	29,037,752	26,272,183	-	-	29,037,752	26,272,183
Social services	460,061	417,515	-	-	460,061	417,515
Transportation	6,109,663	8,843,355	-	-	6,109,663	8,843,355
Utilities	82,566	294,984	-	-	82,566	294,984
Interest on long-term debt	1,057,627	1,110,496	-	500,194	1,057,627	1,610,690
Disposition of capital assets	-	(246,692)	-	(475)	-	(247,167)
Water/sewer/storm utility	-	-	17,441,554	14,416,735	17,441,554	14,416,735
Golf Course	-	-	1,114,794	1,018,535	1,114,794	1,018,535
<b>Total expenses</b>	<b>59,508,749</b>	<b>62,800,702</b>	<b>18,556,348</b>	<b>15,934,989</b>	<b>78,065,097</b>	<b>78,735,691</b>
Revenues over (under) expenses	11,391,162	6,346,928	1,077,626	3,475,133	12,468,788	9,822,061
Transfers	1,868,534	1,737,442	(1,868,534)	(1,737,442)	-	-
Changes in net position	13,259,696	8,084,370	(790,908)	1,737,691	12,468,788	9,822,061
Beginning net position, as restated	136,698,264	134,807,687	52,186,657	52,988,974	188,884,921	187,796,661
Ending net position	149,957,960	142,892,057	51,395,749	54,726,665	201,353,709	197,618,722
Correction to 2014 reporting errors	-	1,984,675	-	70,293	-	2,054,968
Restatement of beginning net position - pension reporting	-	(8,178,468)	-	(2,610,301)	-	(10,788,769)
<b>Restated net position</b>	<b>\$ 149,957,960</b>	<b>\$ 136,698,264</b>	<b>\$ 51,395,749</b>	<b>\$ 52,186,657</b>	<b>\$ 201,353,709</b>	<b>\$ 188,884,921</b>

**GOVERNMENTAL ACTIVITIES-REVENUES**

The total 2015 tax revenues were \$1,430,014 or 3.5% more than those reported in 2014. Sales taxes increased \$1,273,268 or 6.4%. The economy is improving in the City; not only have we seen an increase in retail sales, but there has also been an increase in sales tax generated by new construction activities in the City.

In total, taxes make up 60.2% of the total revenues stream as compared to 59.6% in 2014. Property taxes make up 15.6% of revenues, as compared to 16.6% in 2014 and sales taxes make up 28.9% of total revenues as compared to 28.7% in 2014.

The operating grants and contributions for general government of \$269,429 included the following:

- Public Hospital District No 2 agreements for Move 60 and Bicycle Improvement Programs - \$123,500
- Snohomish County Housing share of operating Lynnwood Senior Center - \$11,000
- Lynnwood's share of ESCA closing - \$74,500

The operating grants for public safety of \$633,568 included the following:

- State shared revenues and entitlements - \$258,493
- State Department of Transportation Grant SR99 and SR 524 safety improvement project - \$177,830
- Snohomish County Housing Authority – Police Services - \$110,445
- Homeland Security Disaster Grants, August 2015 wind storm - \$57,925
- Washington Traffic Safety Commission safe roads program - \$10,121
- Department of Justice Bullet Proof Vest Program - \$8,220

The operating grants and contributions for transportation of \$285,716 included the Public Utility District Privilege Tax for \$262,475.

The capital grants and contributions for general government of \$501,181 included the LID 93-1 I-5 and 196<sup>th</sup> Project funded by special assessment.

The capital grant and contributions for culture and recreation of \$6,019,946 to purchase land which included \$5 million funded by Snohomish County.

The capital grants for transportation included the following:

- Washington State Department of Transportation for 33<sup>rd</sup> Avenue Extension: (\$1,251,000)
- Washington State Department of Transportation for 204<sup>th</sup> Street Extension and Improvements: (\$1,551,000)
- United States Department of Transportation Federal Highway Administration indirect grants through Washington State DOT for:
  - 204<sup>th</sup> Street Extension (\$890,000)
  - Poplar Way Bridge Extension (\$762,000)
  - 35<sup>th</sup> and 36<sup>th</sup> Avenue West Roadway (\$250,000)
  - 99 and SR 524 Safety Project (\$121,000)

Note that program revenues cover 45.9% of governmental operating expenses. This means that the taxpayers and the City's other general governmental revenues cover the remaining 54.1% of the governmental expenses. As a result, the general economy and the success of City businesses have a major impact on the City's revenue streams.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

Of the City’s governmental activities functions, 48.8% of the total costs relates to public safety in 2015 as compared to 41.7% in 2014. General government expenses make up 19.7% as compared to 22.1% in 2014.

This table presents the cost of each of the City’s programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City’s taxpayers by each of these functions.

	<b>Governmental Activities</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General government	\$ 11,731,113	\$ 13,937,566	\$ 5,698,794	\$ 7,519,667
Judicial	1,080,402	997,957	(364,442)	(4,334,663)
Public safety	29,037,752	26,272,183	24,217,817	23,608,220
Utilities	82,566	294,984	82,566	272,293
Transportation	6,109,663	8,843,355	423,082	596,345
Natural environment	282,648	110,007	282,648	106,182
Economic environment	2,873,825	4,230,397	2,220,754	2,795,555
Social services	460,061	417,515	222,122	384,142
Culture and recreation	6,793,092	6,832,934	(1,633,301)	3,268,241
Interest on debt	1,057,627	1,110,496	1,057,627	1,110,496
<b>Total</b>	<b>\$ 59,508,749</b>	<b>\$ 63,047,394</b>	<b>\$ 32,207,667</b>	<b>\$ 35,326,478</b>

**BUSINESS-TYPE ACTIVITIES ANALYSIS**

The City maintains two enterprise funds, each of these funds reported the following operating income or (loss) for the last two calendar years:

<b>Fund</b>	<b>Operating Income</b>		<b>%</b>
	<b>2015</b>	<b>2014</b>	<b>Change</b>
Water/sewer/storm utility	\$ 1,727,122	\$ 3,469,679	-50%
Golf course	101,457	120,581	16%
<b>Total</b>	<b>\$ 1,828,579</b>	<b>\$ 3,590,260</b>	<b>-49%</b>

The following analysis is provided for the major enterprise funds.

**Sewer/Water/Storm Utility Fund** – Operating revenues increased \$1,057,551 or 6.1% in 2015 over that of 2014. Water charges for services increased \$501,309 or 9.6% because of a 6% water rate increase and higher water use and warmer and dryer Spring and Summer in 2015. Sewer charges for services increased \$469,249 or 5.2% because of a 6% rate increase.

Total operating expenses increased \$2,800,108 or 20.3% above the 2014 amount. Depreciation expense increased \$884,076 or 43.4% in 2015. At December 31, 2015, net position totals \$48,504,991. Of this amount, \$31,610,925 or 65.2% is tied up in capital assets.

The various expenses changed from 2014 as follows:

- Administration and general – water - \$272,361 or 22.6%.
- Administration and general – sewer - \$739,992 or 100.7%
- Maintenance and operations – water - \$630,463 or 24.2%
- Maintenance and operations – sewer (reduction) – (\$506,796) or 8.7%
- Maintenance and operations – storm - \$736,566 or 99.4%

Much of the changes in all categories between years are due to reallocation of costs between functions in 2015 to accommodate specific utility projects completed during the year.

Net transfers out of this fund are related to capital projects currently in progress with utility components: 196<sup>th</sup> Street Improvements, 204<sup>th</sup> and SR 99-68 Ave West, Poplar Way Bridge Extension, 33<sup>rd</sup> Avenue West Extension.

In this fiscal year, contributions were reduced from \$822,721 to \$111,009. The 2014 contributions were higher primarily due to an agreement made with developer in 2014 to pay the City \$730,000 in lieu of constructing storm water detention facility required by the City and install an alternative storm water facility consistent with Department of Ecology requirements.

**Golf Course Fund** – Revenues from charges for services increased \$80,558 or 8.1%. During 2014, the City began contracting with private company (Premier Golf Company) to manage its golf course. This company made significant efforts to promote and market the course which resulted in an increase in number of rounds sold in 2015 from 2014, or an increase of 45,973 over 42,034.

Total operating expenses increased just \$119,570 or 12%, over the 2014 amount. The operating income decreased from a gain of \$120,581 in 2014 to a \$101,457 operating gain in 2015.

At December 31, 2015, the net position totaled \$2,977,530.

### ***Financial Analysis of the City's Funds***

#### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a focus on short-term inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$32,908,782 as compared to the restated amount of \$29,183,591 at December 31, 2014.

The restricted amount at December 31, 2015 was \$13,478,126, relating primarily to debt services (\$1,347,771), capital improvements (\$7,423,963), and \$4,706,387, for a variety of other restrictions.

Over \$5.8 million is committed, primarily for revenue fluctuations. The general fund reports approximately \$2 million assigned to economic development.

The General Fund reports an unassigned amount of fund balance of \$11,493,349. This amount will be used for future one-time operating costs. The total ending fund balances of governmental funds show an increase of approximately \$3.7 compared to a decrease of \$3.2 million at December 31, 2014.

### ***Major Governmental Funds***

**General Fund** - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$1,528,339 or 8.5% in 2015, after interfund transfers to other funds. The difference between revenues and expenditures was \$4,902,257 before interfund transfers. There was a \$1,664,469 transfer to the capital projects funds and \$1,797,844 to service debt. In calendar year 2014, the fund balance decreased \$3,250,381 or 15.4%. The amount of fund balance is determined by the amount of transfers to other funds.

Total revenues increased \$7,579,124 or 16.4% in 2015. Total taxes increased just \$3,701,077 or 11.1%. Property taxes were up \$2,131,033 or 24% above the 2014 amount. In 2014, property taxes from the City's EMS Property Tax Levy (\$2,082,000) were reported in the City's EMS Property Tax Reserve Fund, which is a Special Revenue Fund. In 2015, all property tax revenues were reported in the General Fund, including \$2,270,000 from the City's EMS Property Tax Levy. The City's EMS Property Tax Reserve Fund was closed at the end of 2015.

Business taxes increased \$610,657 or 9.7%. Effective January, 2015 the City Council authorized an increase to the Utility Tax Rate from 2% in 2014 to 6% in 2015.

Business licenses increased \$413,388 or 21.3% over 2014. Approximately \$134,000 of this increase relates to the receipt of business license fees for 2016 business licenses. The receipting procedure in place before 2015 was that business license renewal payments for the following year were not accepted. Beginning in December 2015, businesses that wanted to pay their 2016 business license renewals could pay them in December 2015 and the City recorded it as 2015 revenue. The remaining increase of \$279,388 relates to new businesses locating in the City, and a change in the structure of the employee based fee from a fee per FTE to a fee for each employee based on the number of hours they work (14 hours or less and 15 hours or more).

Permits and fees increased \$634,681 or 56.2% over 2014. The city experienced a significant increase in new development in 2015. A new Costco was built and opened in October, and a large senior housing complex is under construction as well as many other major new projects. All of these new developments required building permits. The value of new construction in Lynnwood for 2015 was \$201.5 million. This is roughly four times the annual rate of previous years. Permit fees also hit a record high in 2015.

In this year the City did not report any interfund revenues. Prior to 2015, employee costs that were paid from the General Fund but charged to other Funds were reimbursed by "interfund revenue". Beginning in 2015, the employee costs were charged directly to the Fund that received the service.

In 2015, total expenditures increased \$274,323 or 6/10<sup>th</sup> of 1% above the 2014 amount. The general government expenditures decreased \$346,159 or 3.8%. Within the general government function, administrative services were reduced \$822,333 or 17.1% from 2014. This reduction relates to the reclassification of interfund services; prior to 2015 employee costs that performed work for the Enterprise Funds were charged to both the General Fund and the Enterprise Fund and recorded as an interfund service in the General Fund. Beginning in 2015, the Administrative Services personnel costs that related to the Enterprise funds were charged to the Enterprise Fund, to eliminate any duplicate expenditures being reported.

Police costs increased \$771,026 or 4.7%. Personnel costs accounted for \$581,000 of this increase and \$190,000 of this increase is due to an increase in the contracted rates for jail paid to Snohomish County.

Transportation expenses decreased \$192,851 or 13.6% from 2014. In 2015, more transportation expenditures were budgeted and paid for out of the Streets Fund, a Special Revenue Fund. Transportation expenses recorded in 2014 to the Streets Fund totaled \$1.7 million; in 2015 the total transportation expenditures charged to the Streets Fund was \$2.1 million.

No utility costs were charged in 2015. The utility costs charged in 2014 were the costs of the services provided by the Utility Billing personnel included in the Administrative Services Department in the General Fund. In 2015, these costs were charged directly to the Utility Fund, and not double counted in the Utility and General Funds.

### ***Budgetary Highlights – General Fund***

The City adopts a biennial budget and combines both years together. The adopted budget is not allotted between 2015 and 2016. After the second year of the biennium (2016) the budget vs. actual reporting will become more meaningful.

### ***Capital Assets and Debt Administration***

#### ***Capital Assets***

The City's net investment in capital assets for governmental and business-type activities as of December 31, 2015 was a 6.6% increase for governmental activities and a 9.1% increase for business-type activities. The overall increase was 4.8% for the City as a whole. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>Restated 2014</b>	<b>2015</b>	<b>Restated 2014</b>	<b>2015</b>	<b>Restated 2014</b>
Nondepreciable assets:						
Land	\$ 38,471,546	\$ 32,203,279	\$ 8,081,424	\$ 8,081,424	\$ 46,552,970	\$ 40,284,703
Easements	439,018	436,742	4,150,120	4,150,120	4,589,138	4,586,862
Art, non-depreciable	164,517	164,517	-	-	164,517	164,517
Construction in progress	5,623,459	7,982,877	9,953,779	2,958,589	15,577,238	10,941,466
<b>Total nondepreciable assets</b>	<b>44,698,540</b>	<b>40,787,415</b>	<b>22,185,323</b>	<b>15,190,133</b>	<b>66,883,863</b>	<b>55,977,548</b>
Depreciable assets:						
Buildings	46,145,408	45,935,945	36,388,159	36,388,159	82,533,567	82,324,104
Improvements other than buildings	23,965,955	23,714,739	2,340,634	1,966,068	26,306,589	25,680,807
Machinery and equipment	20,210,723	19,407,067	4,900,847	4,731,924	25,111,570	24,138,991
Infrastructure	93,334,867	83,915,930	44,877,691	44,877,691	138,212,558	128,793,621
<b>Total depreciable assets</b>	<b>183,656,953</b>	<b>172,973,681</b>	<b>88,507,331</b>	<b>87,963,842</b>	<b>272,164,284</b>	<b>260,937,523</b>
<b>Total accumulated depreciation</b>	<b>79,898,020</b>	<b>74,535,627</b>	<b>55,593,150</b>	<b>52,628,290</b>	<b>135,491,170</b>	<b>127,163,917</b>
<b>Book value - depreciable assets</b>	<b>103,758,933</b>	<b>98,438,054</b>	<b>32,914,181</b>	<b>35,335,552</b>	<b>136,673,114</b>	<b>133,773,606</b>
<b>Percentage depreciated</b>	<b>44%</b>	<b>43%</b>	<b>63%</b>	<b>60%</b>	<b>50%</b>	<b>49%</b>
<b>Book value - all assets</b>	<b>\$ 148,457,473</b>	<b>\$ 139,225,469</b>	<b>\$ 55,099,504</b>	<b>\$ 50,525,685</b>	<b>\$ 203,556,977</b>	<b>\$ 189,751,154</b>

At December 31, 2015, the depreciable capital assets for governmental activities were 44% depreciated. This compares favorably with the December 31, 2014 percentage of 43%.

During 2015, the City purchase vacant land for \$6,019,946 and Snohomish County paid \$5,000,000 of cost using funds from Conservation Futures portion of Property Tax Fund.

At December 31, 2015, the major projects included in the governmental activities construction in progress include

- 36<sup>th</sup> Avenue West Improvements - \$1.5 million
- Poplar Way Bridge Extension - \$2.7 million
- 196<sup>th</sup> Street SW Improvements - \$525,000
- Interurban Trail North Segment - \$595,000

The major additions to governmental activities machinery and equipment account includes:

- 12 law enforcement vehicles - \$460,000
- 2 trucks, 6 fleet and supervisor vehicles, 1 backhoe for Operations and Maintenance Center - \$375,000
- 15 pool vehicles for City Hall, Permit Center, and Recreation Center - \$655,000

Governmental activities infrastructure increased approximately \$9.5 million consisting primarily of:

- 204<sup>th</sup> Street SE improvements - \$4.7 million
- 33<sup>rd</sup> Avenue Extension project - \$4.4 million

With the City's business-type activities, 63% of the asset values were depreciated at December 31, 2015, as compared to the 60% at December 31, 2014.

At December 31, 2015, the major projects included in the business-type activities construction in progress include:

- WWTP improvements and upgrades, biosolids incinerator controls/chlorination facility construction - \$8.8 million
- Water line replacement program - \$250,000
- SCADA system modifications - \$217,000
- Lift stations 4, 8 and 16 construction projects - \$633,000

*(this page continued on the subsequent page)*

**Long-Term Liabilities**

The following table reports outstanding long-term liabilities at both December 31, 2015 and 2014.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General obligation bonds	\$24,935,221	\$25,818,178	\$ -	\$ -	\$24,935,221	\$25,818,178
Special assessment bonds	1,105,000	1,670,000	-	-	1,105,000	1,670,000
Revenue bonds	-	-	37,107,602	12,029,766	37,107,602	12,029,766
Subtotal	26,040,221	27,488,178	37,107,602	12,029,766	63,147,823	39,517,944
Net pension liability	11,721,472	257,272	2,340,634	-	14,062,106	257,272
OPEB Firefighter pension	4,461,071	3,093,333	-	-	4,461,071	3,093,333
Claims and judgements	34,750	39,381	-	-	34,750	39,381
Compensated absences	4,473,698	4,539,117	306,250	268,585	4,779,948	4,807,702
<b>Total</b>	<b>\$46,731,212</b>	<b>\$35,417,281</b>	<b>\$39,754,486</b>	<b>\$12,298,351</b>	<b>\$86,485,698</b>	<b>\$47,715,632</b>

In a report issued on October 6, 2015, Standard & Poor's (S&P) assigned its 'AA' Rating to the city's 2015 utility system revenue bonds that Council authorized on June 22<sup>nd</sup>, 2015. The only ratings higher are "AAA" and "AA+", which few municipalities have achieved. S & P also affirmed its 'AA' long-term rating on the City utility system's 2008 and 2010 revenue bonds.

S & P assigned the city an 'AA' rating with a stable outlook. It also notes the city has strong financial management practices. Additional key statements from the report:

- Service area economy with good income levels that participates in the broad and diverse Seattle metropolitan area economy;
- Stable, primarily residential, and very diverse customer base;
- Ample water supply and sewage treatment capacity, with a long-term wholesale contract in place for water service; and
- Affordable service rates, coupled with a demonstrated willingness and ability to adjust rates to match operating needs.

The 'AA' Bond Rating, which is an extraordinary achievement for our City, will translate into lower financing costs by attracting a broader range of investors. This rating is also a positive reflection of the City's effectiveness in managing its financial resources during one of the most difficult economic times in several generations.

In October 2015, the city issued \$24 million in Utility System Revenue Bonds. The proceeds from the sale of the bonds were utilized to redeem the City's Utility System Revenue Bond Anticipation Note and to finance a portion of the carrying out of a Plan of additions, betterments, and extensions of the City utility system. Further explanation of liabilities in Note 3-G of the financial statements.

### ***Economic Conditions Affecting the City***

***Financial Stability*** - Throughout the recession, the City Council was diligent about ensuring that the City maintains its financial health. This continues to be a focus of the Council because strong, healthy finances help ensure the City is able to provide high quality services both now and into the future.

Although the economy is rebounding we must continue providing general government services with the revenue that is available today, rather than overspending with the assumption that the economy will continue to improve.

To expand available revenues, the City continues to proactively pursue and obtain state and federal funding to upgrade our aging infrastructure. This includes streets, parks, sidewalks, facilities, utilities and open space areas.

***Economic Development*** – The City’s Community Vision adopted by City Council in 2009 and reaffirmed in 2015 calls for a vibrant community. Strategic plans subsequently prepared by the City identify programs and projects that implement this Vision Statement, and accommodate population employment growth projected for the next 20 years. Updates in 2015 to the City’s Comprehensive Plan and Economic Development Action Plan incorporate implementation activities to achieve economic development goals. The City’s attributes of geographic location, ease of access, and economic prominence supports sustained economic vitality.

Growth within the City reflects progress towards implementing the community’s vision for economic development. Retail sales have rebounded since the recession. The opening of the new Costco Warehouse and the sustained success of Alderwood mall reflect on-going private investment that supports the community’s economic base. Property tax revenues have also rebounded, and the City experienced \$200 million in new permitted development in 2015, a 400% increase over 2014. The City lodging industry remains strong, reflected by \$835,605 in lodging tax revenues, the highest annual amount ever collected by the city.

Economic vitality is also evident in the diversity of the economy in the City area. Private sector employment includes aerospace, biosciences, information technologies, electronics, finance/insurance/real estate, and professional services. Public sector employment includes the administrative offices of the Edmonds School District, Edmonds Community College, and the City.

Development of the Lynnwood City Center is significant component of Lynnwood’s future economic development. Located within the Lynnwood Regional Growth Center, the City Center has experienced initial development with construction beginning in 2015 of 308 units of senior housing and 347 units of affordable workforce housing. A 150 room Hilton Garden Inn received building permits in 2015 with construction anticipated in 2016. The nature of this development implements the land use and design guidelines for the City Center.

To support this private investment, street projects have moved forward in the City Center with 196<sup>th</sup> St. SW (SR 524) receiving funding for widening and streetscape improvements; and 42<sup>nd</sup> Ave. W. received funding for conceptual design. Design of the Sound Transit Lynnwood Link Light Rail continues with construction schedule to begin in 2018. These projects address the community vision for a multi-modal transportation network.

Highway 99 shares contributes to Lynnwood’s economic development with a diverse number of businesses, and a strong and growing automobile businesses. Permit applications for two new dealerships were submitted to the City in 2015.

### ***Contacting the City’s Financial Management***

We designed this financial report to provide a general overview of the City’s finances, comply with finance-related laws and regulations, and demonstrate the City’s commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Finance Director, City of Lynnwood, PO Box 5008, Lynnwood, WA 98046.

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## BASIC FINANCIAL STATEMENTS

City of Lynnwood, Washington  
Statement of Net Position  
December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents (Note 3-A)	\$ 29,003,161	\$ 6,373,640	\$ 35,376,801	\$ 6,663,083
Investments (Note 3-A)	2,807,440	6,227,995	9,035,435	-
Receivables:				
Accounts	5,428,486	3,242,345	8,670,831	289,223
Taxes	5,338,053	-	5,338,053	-
Intergovernmental	867,737	-	867,737	-
Interest	-	5,100	5,100	-
Internal	236,772	(236,772)	-	-
Prepaid items	566,773	85,464	652,237	75,189
Inventory	-	22,282	22,282	18,612
<b>Total Current Assets</b>	<b>44,248,422</b>	<b>15,720,054</b>	<b>59,968,476</b>	<b>7,046,107</b>
<b>Noncurrent Assets</b>				
Investment in joint venture	1,557,766	-	1,557,766	-
Net pension assets	5,847,477	-	5,847,477	-
Restricted assets: cash and cash equivalents	103,545	24,387,121	24,490,666	1,734,797
Note receivable	-	61,322	61,322	-
Internal receivable	1,050,000	(1,050,000)	-	-
Other receivables	1,313,880	-	1,313,880	-
Capital assets (Note 3-D)				
Nondepreciable	44,698,541	22,185,321	66,883,862	6,869,605
Depreciable, net	103,778,932	32,914,183	136,693,115	15,862,053
<b>Total Noncurrent Assets</b>	<b>158,350,141</b>	<b>78,497,947</b>	<b>236,848,088</b>	<b>24,466,455</b>
<b>Total Assets</b>	<b>202,598,563</b>	<b>94,218,001</b>	<b>296,816,564</b>	<b>31,512,562</b>
<b>Deferred Outflows of Resources-Pensions</b>	<b>2,049,947</b>	<b>254,109</b>	<b>2,304,056</b>	<b>52,056</b>
<b>Liabilities and Deferred Outflows</b>				
<b>Current Liabilities</b>				
Accounts payable	1,735,884	2,553,460	4,289,344	319,545
Accrued expenses	1,420,462	141,311	1,561,773	76,276
Retainage payable	-	52,044	52,044	-
Other payables	447,224	-	447,224	-
Deposits payable	-	19,573	19,573	463,681
Custodial accounts payable	2,810	99,520	102,330	-
Compensated absences payable	1,062,405	89,146	1,151,551	-
Unearned revenue	1,064,710	17,093	1,081,803	-
Accrued interest	-	84,025	84,025	-
Special assessment bonds payable	400,000	-	400,000	-
General obligation refunding bonds payable	864,146	-	864,146	475,000
Revenue bonds payable	-	1,265,000	1,265,000	52,117
<b>Total Current Liabilities</b>	<b>6,997,641</b>	<b>4,321,172</b>	<b>11,318,813</b>	<b>1,386,619</b>
<b>Long-Term Liabilities (net of current portion): (Note 3-F)</b>				
Deposits payable	-	-	-	134,797
Compensated absences payable	3,411,263	217,104	3,628,367	18,336
Claims and judgments payable	34,750	-	34,750	-
Other postemployment benefits	4,461,071	-	4,461,071	-
Net pension liability	11,721,472	2,340,634	14,062,106	186,330
Special assessment bonds payable	705,000	-	705,000	-
General obligation refunding bonds payable	24,071,075	-	24,071,075	9,402,100
Revenue bonds payable, net of premiums/discounts	-	35,842,602	35,842,602	16,560,483
<b>Total Long-term Liabilities</b>	<b>44,404,631</b>	<b>38,400,340</b>	<b>82,804,971</b>	<b>26,302,046</b>
<b>Total Liabilities</b>	<b>51,402,272</b>	<b>42,721,512</b>	<b>94,123,784</b>	<b>27,688,665</b>
<b>Deferred Inflows of Resources-Pensions</b>	<b>3,288,278</b>	<b>354,849</b>	<b>3,643,127</b>	<b>88,094</b>
<b>Net Position</b>				
Net investment in capital assets (Note 3-J)	122,437,252	35,484,671	157,921,923	(3,785,678)
Restricted for:				
Debt service	1,347,771	1,265,000	2,612,771	1,000,000
Capital outlay	7,177,361	314,068	7,491,429	-
Criminal justice	2,277,556	-	2,277,556	-
Tourism	922,645	-	922,645	-
Drug enforcement	532,278	-	532,278	-
Other purposes	140,903	-	140,903	-
Streets	739,926	-	739,926	-
Unrestricted	14,382,268	14,332,010	28,714,278	6,573,537
<b>Total Net Position</b>	<b>\$ 149,957,960</b>	<b>\$ 51,395,749</b>	<b>\$ 201,353,709</b>	<b>\$ 3,787,859</b>

See accompanying notes to the basic financial statements



**City of Lynnwood, Washington**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 13,212,742	\$ 12,069,461	\$ 25,282,203
Investments	1,155,959	1,198,847	2,354,806
Receivables:			
Accounts	4,281,764	2,440,457	6,722,221
Taxes	5,080,924	257,129	5,338,053
Intergovernmental	346,265	425,738	772,003
Interfund	1,645,000	-	1,645,000
Prepaid	103,119	-	103,119
Restricted assets	-	103,545	103,545
<b>Total Assets</b>	<u>\$ 25,825,773</u>	<u>\$ 16,495,177</u>	<u>\$ 42,320,950</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,223,350	\$ 437,539	\$ 1,660,889
Accrued salaries and wages payable	1,354,883	41,413	1,396,296
Intergovernmental payable	-	-	-
Custodial accounts payable	2,810	-	2,810
Other current liabilities payable	287,715	159,509	447,224
Unearned revenue	-	1,064,710	1,064,710
<b>Total Liabilities</b>	2,868,758	1,703,171	4,571,929
<b>Deferred Inflows of Resources</b>	<u>3,526,359</u>	<u>1,313,880</u>	<u>4,840,239</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,395,117</u>	<u>3,017,051</u>	<u>9,412,168</u>
<b>Fund Balances</b>			
Nonspendable	103,119	-	103,119
Restricted	-	13,138,440	13,138,440
Committed	5,814,864	339,686	6,154,550
Assigned	2,019,324	-	2,019,324
Unassigned	11,493,349	-	11,493,349
<b>Total Fund Balances</b>	<u>19,430,656</u>	<u>13,478,126</u>	<u>32,908,782</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 25,825,773</u>	<u>\$ 16,495,177</u>	<u>\$ 42,320,950</u>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2015**

<b>Total Governmental Fund Balances</b>	\$	32,908,782
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).		
Cost of capital assets	\$ 214,714,341	
Less accumulated depreciation	<u>(72,823,566)</u>	141,890,775
The investment in joint ventures is not reported at the fund financial reporting level but is reported on the government-wide statement of net position.		
		1,557,766
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds - property taxes, fines and special assessments.		
		4,840,238
Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		(1,223,376)
The net pension assets are not available to retire current year expenditures, therefore they are not reported in the funds but are reported in the government-wide statement of net position.		
		5,847,477
The internal service fund is used by management to charge the costs of the equipment rental to individual funds. The assets and liabilities of the internal service funds are included in governmental activities column on the government-wide statement of net position.		
		10,342,011
The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		86,772
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position (excludes internal service funds).		
General obligation refunding bonds payable	\$ (24,935,221)	
Special assessment bonds payable	(1,105,000)	
Other postemployment benefits payable	(4,461,071)	
Net pension liability payable	(11,374,000)	
Compensated absences payable	<u>(4,417,193)</u>	\$ (46,292,485)
Interfund receivables and payables between governmental funds are reported on the		
Interfund receivables	\$ (445,000)	
Interfund payables	<u>445,000</u>	\$ -
<b>Net Position Of Governmental Activities</b>		<u><u>\$ 149,957,960</u></u>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 37,176,649	\$ 4,802,615	\$ 41,979,264
Intergovernmental	1,435,298	7,164,160	8,599,458
Special assessments	-	501,181	501,181
Licenses and permits	4,626,104	140,525	4,766,629
Charges for services	4,741,636	243,503	4,985,139
Fines and forfeitures	4,875,564	25,443	4,901,007
Investment earnings	(922)	628	(294)
Other interest	-	108,449	108,449
Rent and leases	298,638	-	298,638
Miscellaneous	316,723	26,464	343,187
<b>Total Revenues</b>	<b>53,469,690</b>	<b>13,012,968</b>	<b>66,482,658</b>
<b>Expenditures</b>			
<b>Current:</b>			
General government	8,767,275	192,328	8,959,603
Economic Environment	2,931,068	-	2,931,068
Judicial	1,082,539	-	1,082,539
Natural Environment	114,567	-	114,567
Culture and recreation	5,764,728	119,680	5,884,408
Public safety	28,095,742	171,045	28,266,787
Social services	460,061	-	460,061
Transportation	1,223,777	4,290,083	5,513,860
Utilities	-	86,427	86,427
<b>Capital Outlay</b>	<b>126,585</b>	<b>8,739,361</b>	<b>8,865,946</b>
<b>Debt Service:</b>			
Principal retirement	-	1,401,410	1,401,410
Interest and fiscal charges	1,091	1,056,536	1,057,627
<b>Total Expenditures</b>	<b>48,567,433</b>	<b>16,056,870</b>	<b>64,624,303</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,902,257</b>	<b>(3,043,902)</b>	<b>1,858,355</b>
<b>Other Financing Sources (Uses)</b>			
Insurance and claims	-	(1,698)	(1,698)
Transfers in	88,395	7,598,253	7,686,648
Transfers out	(3,462,313)	(2,355,801)	(5,818,114)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,373,918)</b>	<b>5,240,754</b>	<b>1,866,836</b>
<b>Net Change in Fund Balances</b>	<b>1,528,339</b>	<b>2,196,852</b>	<b>3,725,191</b>
<b>Fund Balances Beginning of Year, as Restated</b>	<b>17,902,317</b>	<b>11,281,274</b>	<b>29,183,591</b>
<b>Fund Balances End of Year</b>	<b>\$ 19,430,656</b>	<b>\$ 13,478,126</b>	<b>\$ 32,908,782</b>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2015**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		<b>\$ 3,725,191</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (5,228,315)	
Capital outlay	8,865,946	
Less amount of capital outlay not capitalized	-	3,637,631
The book value of capital assets sold are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		
		(13,318)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes, fines and special assessments:		
Deferred @ 12/31/15	\$ 4,840,238	
Deferred @ 12/31/14	(5,687,593)	(847,355)
Contributions		
		4,999,913
Governmental funds do not report the change in the investment in the joint venture, but the change is reported on the government-wide statement of activity.		
		(74,808)
Elimination of transfers between governmental funds:		
Transfers in	\$ (4,803,068)	
Transfers out	4,803,068	-
The internal service fund is used by management to charge the costs of maintenance services to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		729,245
The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		(86,772)
Reduction of outstanding general obligation Mhz debt in SERS reported in the government-wide statement of net position but not reported in the governmental funds.		
		46,546
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		
		1,401,411
Other postemployment expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(1,367,738)
Net pension debits reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		1,041,065
Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/15	\$ (4,417,193)	
Liability @ 12/31/14	4,485,878	68,685
<b>Change In Net Position of Governmental Activities</b>		<b>\$ 13,259,696</b>

See accompanying notes to the basic financial statements

City of Lynnwood, Washington  
 Statement of Net Position  
 Proprietary Funds  
 December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 6,142,141	\$ 231,499	\$ 6,373,640	\$ 3,720,958
Investments	6,170,702	57,293	6,227,995	452,634
Receivables:				
Accounts	3,239,953	2,392	3,242,345	20,145
Intergovernmental	-	-	-	95,734
Interest	5,100	-	5,100	-
Inventories		22,282	22,282	-
Prepaid items	82,109	3,355	85,464	463,654
<b>Total Current Assets</b>	<b>15,640,005</b>	<b>316,821</b>	<b>15,956,826</b>	<b>4,753,125</b>
<b>Noncurrent Assets:</b>				
Restricted assets: cash and cash equivalents	24,350,456	36,665	24,387,121	-
Notes receivable	61,322	-	61,322	-
Capital assets:				
Nondepreciable	18,521,952	3,663,369	22,185,321	43,294
Depreciable, net	32,703,806	210,377	32,914,183	6,543,404
<b>Total Noncurrent Assets</b>	<b>75,637,536</b>	<b>3,910,411</b>	<b>79,547,947</b>	<b>6,586,698</b>
<b>Deferred Outflows of Resources-Pensions</b>	<b>254,109</b>	<b>-</b>	<b>254,109</b>	<b>37,723</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>91,531,650</b>	<b>4,227,232</b>	<b>95,758,882</b>	<b>11,377,546</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	2,540,475	12,985	2,553,460	74,995
Accrued payroll	141,311	-	141,311	24,166
Retainage payable	52,044	-	52,044	-
Interfund payable	-	150,000	150,000	445,000
Custodial accounts payable	99,469	51	99,520	-
Compensated absences payable	89,146	-	89,146	12,846
Claims and judgments payable	-	-	-	34,750
Deposits payable	-	19,573	19,573	-
Unearned revenue	-	17,093	17,093	-
Revenue bonds payable	1,265,000	-	1,265,000	-
Accrued interest payable	84,025	-	84,025	-
<b>Total Current Liabilities</b>	<b>4,271,470</b>	<b>199,702</b>	<b>4,471,172</b>	<b>591,757</b>
<b>Long-Term Liabilities: (net of current portion)</b>				
Compensated absences payable	217,104	-	217,104	43,629
Interfund payable	-	1,050,000	1,050,000	-
Net pension liability	2,340,634	-	2,340,634	347,472
Revenue bonds payable	35,842,602	-	35,842,602	-
<b>Total Long-term Liabilities</b>	<b>38,400,340</b>	<b>1,050,000</b>	<b>39,450,340</b>	<b>391,101</b>
<b>Deferred Inflows of Resources</b>	<b>354,849</b>	<b>-</b>	<b>354,849</b>	<b>52,677</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>43,026,659</b>	<b>1,249,702</b>	<b>44,276,361</b>	<b>1,035,535</b>
<b>Net Position</b>				
Net investment in capital assets	31,610,925	3,873,746	35,484,671	6,586,698
Restricted for:				
Debt service	1,265,000	-	1,265,000	-
Capital outlay	314,068	-	314,068	-
Unrestricted	15,314,998	(896,216)	14,418,782	3,755,313
<b>Total Net Position</b>	<b>\$ 48,504,991</b>	<b>\$ 2,977,530</b>	<b>51,482,521</b>	<b>\$ 10,342,011</b>
<b>Reconciliation of the fund level statement of net position to the government-wide statement of net position:</b>				
Record internal service fund charge-back to enterprise funds resulting in an interfund receivable to governmental activities.			(86,772)	
<b>Adjusted Total Net Position</b>			<b>\$ 51,395,749</b>	

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Water and Sewer Utility</b>	<b>Golf Course</b>	<b>Total</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 18,292,097	\$ 1,077,916	\$ 19,370,013	\$ 3,536,399
Rentals	-	134,864	134,864	-
Miscellaneous	-	1,412	1,412	65,947
<b>Total Operating Revenues</b>	<u>18,292,097</u>	<u>1,214,192</u>	<u>19,506,289</u>	<u>3,602,346</u>
<b>Operating Expenses</b>				
Administration and general	3,598,038	-	3,598,038	86,485
Operations and maintenance	10,048,139	1,061,591	11,109,730	1,391,953
Insurance and claims	-	-	-	850,749
Depreciation	2,918,798	51,144	2,969,942	777,079
<b>Total Operating Expenses</b>	<u>16,564,975</u>	<u>1,112,735</u>	<u>17,677,710</u>	<u>3,106,266</u>
<b>Operating Income</b>	<u>1,727,122</u>	<u>101,457</u>	<u>1,828,579</u>	<u>496,080</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and fiscal charges	(512,298)	(2,059)	(514,357)	-
Other nonoperating revenue	-	-	-	43,215
Gain on disposition of capital assets	1,037	-	1,037	189,949
Debt issuance costs	(277,509)	-	(277,509)	-
Investment earnings	15,639	-	15,639	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(773,131)</u>	<u>(2,059)</u>	<u>(775,190)</u>	<u>233,164</u>
<b>Income (Loss) Before Contributions and Transfers</b>	953,991	99,398	1,053,389	729,244
<b>Contributions</b>	111,009	-	111,009	-
<b>Transfers In</b>	1,015,045	-	1,015,045	-
<b>Transfers Out</b>	<u>(2,883,579)</u>	<u>-</u>	<u>(2,883,579)</u>	<u>-</u>
<b>Change in Net Position</b>	(803,534)	99,398	(704,136)	729,244
<b>Net Position Beginning of Year, As Restated</b>	<u>49,308,525</u>	<u>2,878,132</u>	<u>52,186,657</u>	<u>9,612,767</u>
<b>Net Position End of Year</b>	<u>\$ 48,504,991</u>	<u>\$ 2,977,530</u>	<u>\$ 51,482,521</u>	<u>\$ 10,342,011</u>
<b>Reconciliation of the fund level operating statement to the government-wide statement of activities:</b>				
Change in net position	\$ (803,534)	\$ 99,398	\$ (704,136)	
Internal service fund charges (credits) to enterprise funds, resulting in changes to operating expenses.	<u>(86,772)</u>	<u>-</u>	<u>(86,772)</u>	
<b>Adjusted Change in Net Position</b>	<u>\$ (890,306)</u>	<u>\$ 99,398</u>	<u>\$ (790,908)</u>	

See accompanying notes to the basic financial statements

City of Lynnwood, Washington  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 18,156,028	\$ 1,214,769	\$ 19,370,797	\$ 65,947
Cash received from interfund services provided	-	-	-	3,612,277
Cash payments to suppliers	(5,737,617)	-	(5,737,617)	-
Cash payments to employees for services	(4,097,201)	-	(4,097,201)	(546,444)
Cash payments for goods and services	-	(1,076,892)	(1,076,892)	(2,428,601)
Cash received (paid) from/to other funds	(1,868,535)	(102,821)	(1,971,356)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>6,452,675</u>	<u>35,056</u>	<u>6,487,731</u>	<u>703,179</u>
<b>Cash Flows from Non-Capital financing activities</b>				
Interfund loan received	-	(2,059)	(2,059)	445,000
Insurance Recoveries	-	-	-	43,215
<b>Net Cash Flows from non-Capital and related financing activities</b>	<u>-</u>	<u>(2,059)</u>	<u>(2,059)</u>	<u>488,215</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from disposition of capital assets	1,037	-	1,037	189,949
Proceeds from revenue bonds	24,075,000	-	24,075,000	-
Principal paid on revenue bonds	(1,002,836)	-	(1,002,836)	-
Interest paid on revenue bonds	(835,484)	-	(835,484)	-
Bond issue costs paid on revenue bonds	-	-	-	-
Principal paid on public works trust fund loan	-	-	-	-
Capital Contributions	111,009	-	111,009	-
Payments for capital acquisitions	(8,122,211)	-	(8,122,211)	(1,541,158)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>14,226,515</u>	<u>-</u>	<u>14,226,515</u>	<u>(1,351,209)</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of investment securities	(6,246,217)	(57,293)	(6,303,510)	(458,046)
Proceeds from sale and maturities of investment securities	-	-	-	(5,411)
Investment earnings	(59,876)	-	(59,876)	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(6,306,093)</u>	<u>(57,293)</u>	<u>(6,363,386)</u>	<u>(463,457)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>14,373,097</u>	<u>(24,296)</u>	<u>14,348,801</u>	<u>(623,272)</u>
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>16,119,500</u>	<u>292,460</u>	<u>16,411,960</u>	<u>4,392,615</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 30,492,597</u>	<u>\$ 268,164</u>	<u>\$ 30,760,761</u>	<u>\$ 3,769,343</u>

(Continued)

City of Lynnwood, Washington  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended December 31, 2015

(Continued)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ 1,727,122	\$ 101,457	\$ 1,828,579	\$ 496,080
<b>Adjustments:</b>				
Depreciation	2,918,798	51,144	2,969,942	777,079
<b>(Increase) Decrease in Assets:</b>				
Accounts receivable	(228,534)	1,989	(226,545)	9,931
Inventories, deposits, and prepaid items	(52,807)	(2,412)	(55,219)	(570,007)
<b>Increase (Decrease) in Liabilities:</b>				
Accounts payable	1,214,653	(14,301)	1,200,352	(9,508)
Intergovernmental payable	-	-	-	-
Compensated absences payable	37,664	-	37,664	(396)
Other Current Liabilities	835,779	(102,821)	732,958	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 6,452,675</u>	<u>\$ 35,056</u>	<u>\$ 6,487,731</u>	<u>\$ 703,179</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>				
Capital assets written off or retirement	\$ 5,054	\$ -	\$ 5,054	\$ -
Contribution of capital assets from developers	111,009	-	111,009	-
<b>Total Non-Cash Activities</b>	<u>\$ 116,063</u>	<u>\$ -</u>	<u>\$ 116,063</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2015**

	<b>Pension Trust</b>	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 419,955	\$ 15,310	\$ 1,448,765
Investments	89,715	3,275	-
<b>Total Assets</b>	509,670	18,585	\$ 1,448,765
<b>Liabilities</b>			
Deposits payable	-	-	31,884
Wages and Vouchers Payable	-	-	1,416,881
<b>Total Liabilities</b>	-	-	\$ 1,448,765
<b>Net Position</b>			
Restricted for pensions	509,670		
Restricted for other purpose	-	18,585	-
<b>Total Net Position</b>	<b>\$ 509,670</b>	<b>\$ 18,585</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2015**

	<u>Pension Trust</u>	<u>Private-purpose Trust</u>
<b>Additions:</b>		
Contributions:		
Intergovernmental	\$ 55,514	\$ -
Other	-	1,294
Investment earnings	-	-
<b>Total Additions</b>	<u>55,514</u>	<u>1,294</u>
<b>Deductions:</b>		
Benefits	161,236	-
<b>Total Deductions</b>	<u>161,236</u>	<u>-</u>
<b>Change in Net Position</b>	(105,722)	1,294
<b>Net Position Beginning of Year</b>	<u>615,392</u>	<u>17,291</u>
<b>Net Position End of Year</b>	<u>\$ 509,670</u>	<u>\$ 18,585</u>

See accompanying notes to the basic financial statements

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

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The City of Lynnwood, Washington (the City) 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 and provides the following services: public safety (police and fire protection), public works (streets, sanitation, and utilities), culture, recreation, and library services, planning and zoning, and general administrative services.

### ***Note 1 - Summary of Significant Accounting Policies***

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

#### ***1-A. Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Lynnwood, this entity includes component units as described below.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The City's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

Discretely presented component units are reported only at the government-wide financial reporting level. The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the blended component unit follows:

***Transportation Benefit District (TBD)*** – The City of Lynnwood Council formed the 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 TBD that are consistent with the existing state, regional, and local transportation plans. The TBD 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, the TBD 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 following component unit is discretely presented in the reporting entity:

***South Snohomish County Public Facilities District (PFD)*** - The 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. In 2003 the name was changed to Lynnwood PFD. The City provides funding for the PFD through hotel/motel taxes, making the PFD dependent upon the City for its revenue source. The PFD issued \$1.93 million Series A Sales Tax Bonds, \$10 million Series B tax exempt Sales Tax Bonds in 2004 and \$17.265 million in Revenue Bonds in 2005. The PFD refunded the Revenue Bonds and Series B Sales Tax Bonds in 2015. As of December 31, 2015 the outstanding sales tax and revenue bonds were \$9,877,100 and \$16,612,600, respectively. S&P also raised the bond rating for the City's PFD's bonds, issued on behalf of the City, from "A" to "AA+." The City is contingently liable to the PFD bonds. Separate financial statements for the PFD can be obtained from the Lynnwood PFD Administrative Offices at 3815 196th Street SW, Suite 136, Lynnwood, WA 98036.

**Note 1 - Summary of Significant Accounting Policies (Continued)****1-B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Fiduciary activities are not included at the government-wide financial reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Major individual governmental and enterprise funds are reported in separate columns.

**Fund Accounting** - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds that are included in the City's major fund, the General Fund:

*The General Fund* – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Washington. The General Fund includes the following managerial funds:

*The Revenue Stabilization Fund* was established to accumulate resources 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.

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and an internal service fund. The following are the City's major enterprise 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.

*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.

**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.

Additionally, the City reports the following fund types:

*Special Revenue Funds* are used to account for the proceeds for 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 finance by the proprietary funds.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*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 various deposits payable to State and local agencies and private contractors.

**1-C. Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows, and all liabilities and deferred inflows associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses. The government-wide financial statements do not include the fiduciary fund types.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types and the pension trust fund are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Revenues - Non-Exchange Transactions** - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, and federal and state grants.

**Unearned Revenues** – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for:

- Grants and entitlements received before the eligibility requirements are met (e.g. cash advances.)

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**1-E. New Accounting and Reporting Standards**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement amends GASB Statement No. 27 and is effective for fiscal periods beginning after June 15, 2014. It requires governments providing defined benefit pensions to their employees to recognize the net pension liability for pension benefits on their statements of net position. Net position liability is measured as total pension liability, less the amount of a plan's fiduciary net position. Currently, the City participates in three different multiple-employer plans and one single employer plan and has implemented this Statement for the year ended December 31, 2015.

In November 2013, GASB also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The purpose of this statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and financial Reporting for Pensions*. The statement relates to amounts associated with contributions, if any, made by a state or local government employer, or non-employer contributing entity, to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Currently, the City makes contributions to the multiple-employer plan after the measurement date and has implemented this Statement for the year ended December 31, 2015.

GASB Statement No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, prior to implementing GASB Statement No. 68, employers participating in a cost-sharing plan recognized annual pension expense essentially equal their contractually required contribution to the plan. Upon the adoption of GASB Statement No. 68, employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology. Employers participating in single employer plans recognize a liability equal to the net pension liability.

The collective financial impact resulting from the implementation of GASB Statements No. 68 and 71 is the restatement of 2015 beginning balances by \$10.8 million for the City of Lynnwood's portion of the net pension liability incurred in prior years, which is then allocated across government and business units. See financial statement Note 3-H and financial statement Note 4-E for further details on the impact to the City of Lynnwood.

**Note 1 - Summary of Significant Accounting Policies (Continued)****1-F. Assets, Liabilities and Net Position/Fund Balances****1-F-1 Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

The City is empowered to invest in the following types of securities identified as eligible investments as defined by RCW 35A.40.050 and RCW 43.84.080. In general, these consist of:

- Investment deposits (certificates of deposits) with qualified public depositories as defined in Chapter 39.58 RCW.
- Certificates, notes or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States whose securities carry full faith and credit guarantees.
- Obligations of government sponsored corporations, which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to, Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, and Federal National Mortgage Associates notes.)
- Prime bankers acceptances purchased on the secondary market.
- Repurchase agreements for securities listed above, provided that the transaction is structured so that the City obtains ownership and control over the underlying securities. A Master repurchase agreement between the City and the bank or dealer must be on file prior to any repurchase agreement transaction.
- The Washington Local Government Investment Pool

Interest earnings are allocated to each fund monthly, based on average pooled equity balances.

**1-F-2 Receivables**

All trade and tax receivables are reported net of an allowance for uncollectibles, where applicable. Taxes receivable consists of property taxes, sales tax, utility taxes, gambling taxes, liquor excise tax and state shared program revenues.

**1-F-3 Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "intergovernmental receivable/interfund payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**1-F-4 Inventories**

On the government-wide financial statements and at the fund financial reporting level, inventories are presented at cost using the weighted average cost method and are expensed when used (i.e., the consumption method).

**1-F-5 Capital Assets (see Note 3-D)**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the Government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars and an estimated three year life. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives (YRS)
Buildings	10 - 50
Improvements other than Buildings	10 - 50
Machinery and equipment	3 - 20
Infrastructure	15 - 100

At the inception of capital leases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

**1-F-6 Compensated Absences**

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The city limits the accumulation of unpaid vacation benefits to two year’s 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 of 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 year’s 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.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “when matured (i.e., due).”

**1-F-7 Pensions and Other Post-Employment Benefits**

**Pensions** - The purpose measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**OPEB** - Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contributions is reported in the Statement of Net Position. Actual medical costs are reported as expenditures in the general fund in the year they are incurred.

**1-F-8 Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and local loans are recognized as a liability in the governmental fund financial statements when due.

**1-F-9 Bond Premiums and Discounts and Issuance Costs**

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against the debt payable for reporting purposes. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts, are deferred and amortized over the life of the using the effective interest method.

Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

**1-F-10 Net Position/Fund Balances (Fund Equity)**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only, the City Council also may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City manager or designee to assign fund balances.
- **Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Net Position Flow Assumptions** – In order to report net position as a restricted – net position and an unrestricted – net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City’s policy to use restricted – net position first before using unrestricted – net position.

**Fund Balance Flow Assumptions** – It is the City’s policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Fund Balance Policy** – 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:

1. 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.
2. Achieving and maintaining this balance is the highest priority over developing and maintaining other general fund reserves.
3. The restricted reserves are intended to protect the City from major economic downturns and similar adverse financial conditions.
  - a. It will be the goal of the City to maintain a Revenue Stabilization Fund at a level to cover at least two month’s operations in the General Fund which is equivalent to \$9,000,000 in 2011.
  - b. 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.
  - c. 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 until the target in policy 3.b. is achieved.
4. 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.
5. Expenditures drawn from reserve accounts require prior Council approval unless previously specifically authorized by the City Council for expenditure in the budget.

As of December 31, 2015, the City has met the policy’s 2016 target and continues to monitor the adequacy of the unencumbered General Fund balance for future transfers to the Stabilization Fund. On November 28, 2016 the City Council adopted Resolution 2016-19 amending attachment A to the revised Resolution No 2014-20 revising the General Fund and Rate Stabilization Fund reserve requirements. The new policy also establishes reserve requirements for the City’s Utility Funds. The new policy will go into effect November 30, 2016.

**Net Position** – The net position represents the difference between assets and liabilities. The net position component, “net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. The net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

**1-F-11 Operating Revenues and Expenses**

Operating revenues and expenses generally result from providing services and producing and delivering goods in consistent with a proprietary fund’s principal ongoing operations. The principal operating revenues of the city’s utility funds and internal service funds are charges to customers for sales and services and vehicle replacement. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer system.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues (i.e., investment earnings, operating grants and the gain on the disposition of capital assets) and non-operating expenses (i.e., interest expense, loss on the disposition of capital assets).

**1-F-12 Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

**1-F-13 Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**1-F-14 Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

**1-F-15 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.

**Note 2 – Stewardship, Compliance and Accountability**

**2-A. Budgetary Information** – The City adopts biennial budgets for all governmental funds.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level. Any change in total to a fund requires approval of the City Council.

All budgets are adopted on a GAAP basis (i.e., modified accrual basis) All unexpended annual appropriations lapse at the end of the budget 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.

The Mayor is authorized to transfer budgeted amounts between departments within any fund with the exception of the General Fund. Any revisions that alter total expenditures of a fund or department in the General Fund 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 budget has been amended eight (8) times during the 2015-2016 biennium.

**Note 3 - Detailed Notes on All Funds**

**3-A. Deposits and Investments**

**Custodial Credit Risk – Deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s bank balances of deposits as of December 31, 2015, are entirely insured by Federal Depository Insurance (FDIC) up to \$250,000 and all deposits not covered by FDIC insurance are covered by Washington Public Deposit Protection Commission (WPDPC) of the State of Washington for amounts over \$250,000.

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

**Investments**

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity of its investments to less than eight years.

At December 31, 2015, the City held the following investments:

Investment Type	Fair Value	Maturity Date
Federal Farm Credit Bank	\$ 990,981	11/6/2018
FICO Strip Prin13	1,981,512	12/27/2018
Federal Farm Credit Bank	1,967,276	10/21/2019
Federal Farm Credit Bank	1,984,448	11/18/2019
Federal National Mortgage Association	2,204,208	1/10/2020
Total Fair Value	<u>\$ 9,128,425</u>	

**Credit Quality Risk** –Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of debt securities as of December 31, 2015 are:

Debt Security	S & P Rating
Federal Farm Credit Bank	AA+
Federal Home Loan Mortgage Corporation	AA+

**Custodial Credit Risk - Investments** – For investments, custodial credit risk is the risk that, in the event of a bank failure, the City’s investments may not be recovered. All City securities are held for safekeeping by US Bank, as the City’s agent, in the City’s name.

**Concentration of Credit Risk** –Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. Currently, the City does not have an investment policy relating to concentration of credit risk.

The City’s investments in the Federal Farm Credit Bank and the Federal National Mortgage Association (Fannie Mae), government-sponsored enterprises, which are not explicitly backed by the federal government, are 10% and 3% of the City’s total investment portfolio market value, respectively.

**Note 3 – Detailed Notes on All Funds (Continued)**

**Cash & Investment Reconciliation:**

	Cash and Cash Equivalents	Investments	Total
Fund Reporting Level:			
Governmental Funds - Balance Sheet	\$ 25,385,748	\$ 2,354,806	\$ 27,740,554
Proprietary Funds - Statement of Net Position:			
Enterprise Funds	30,760,761	6,227,995	36,988,756
Internal Service Funds	3,720,958	452,634	4,173,592
Total	\$ 59,867,467	9,035,435	\$ 68,902,902
Cash			\$ 59,867,467
Investments			9,035,435
Total			\$ 68,902,902

Cash and Investments in this table contain restricted amounts, such as for customer deposits and unspent bond proceeds, and total \$103,545 and \$24,387,121 for Governmental Activities funds and Business Type Activities funds, respectively.

**3-B. Receivables**

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Amounts are aggregated into single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, including the applicable allowance for uncollectible accounts:

	General Fund
Receivables	
Accounts	\$ 20,948,681
Property Taxes	101,616
Utility Taxes	1,017,825
Sales Tax	3,961,483
Gross Receivables	\$ 26,029,605
Less: Allowance for Uncollectibles	(14,675,652)
Total	\$ 11,353,953

**Note 3 – Detailed Notes on All Funds (Continued)**

**3-C. Property Taxes**

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed to the City monthly. The following is the property tax calendar:

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

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

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

- a) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction.
- b) The Washington State Constitution limits the total regular property taxes to 1 percent of all assessed valuation of \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City's regular levy for 2015 was \$2.45 per \$1,000 on an assessed valuation of \$4,771,220,851. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

<u>Purpose of Levy</u>	<u>Levy Rate per \$1,000</u>	<u>Total Levy Amount</u>
General Government	\$1.98473628	\$9,469,615
Emergency Medical Service (EMS)	\$0.46565378	\$2,221,737
Total City Levy	\$2.45039006	\$11,691,352

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-D. Capital Assets**

Capital asset activity for the year ended December 31, 2015, was as follows:

<b>Governmental Activities:</b> (including Internal Service fund):	<b>Restated Beginning Balance 1/1/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2015</b>
Nondepreciable capital assets:				
Land	\$ 32,203,279	\$ 6,268,267	\$ -	\$ 38,471,546
Easements	436,742	2,276	-	439,018
Art, non-depreciable	164,517	-	-	164,517
Construction in progress	7,982,877	7,520,198	(9,879,616)	5,623,459
<b>Total nondepreciable capital assets</b>	<b>40,787,415</b>	<b>13,790,741</b>	<b>(9,879,616)</b>	<b>44,698,540</b>
Depreciable capital assets				
Buildings	45,935,945	209,463	-	46,145,408
Improvements other than buildings	23,714,739	251,216	-	23,965,955
Machinery and equipment	19,407,067	1,490,346	(686,690)	20,210,723
Infrastructure	83,915,930	9,418,937	-	93,334,867
<b>Total depreciable capital assets</b>	<b>172,973,681</b>	<b>11,369,962</b>	<b>(686,690)</b>	<b>183,656,953</b>
<b>Total capital assets</b>	<b>213,761,096</b>	<b>25,160,703</b>	<b>(10,566,306)</b>	<b>228,355,493</b>
Less accumulated depreciation for:				
Buildings	(15,029,499)	(1,307,939)	-	(16,337,438)
Improvements other than buildings	(13,105,608)	(754,861)	-	(13,860,469)
Machinery and equipment	(10,147,569)	(1,315,243)	662,703	(10,800,109)
Infrastructure	(36,252,951)	(2,627,053)	-	(38,880,004)
<b>Total accumulated depreciation</b>	<b>(74,535,627)</b>	<b>(6,005,096)</b>	<b>662,703</b>	<b>(79,878,020)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 139,225,469</b>	<b>\$ 19,155,607</b>	<b>\$ (9,903,603)</b>	<b>\$ 148,477,473</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

<b>Business-Type Activities:</b>	<b>Restated Beginning Balance 1/1/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2015</b>
Nondepreciable capital assets:				
Land	\$ 8,081,424	\$ -	\$ -	\$ 8,081,424
Easements	4,150,120	-	-	4,150,120
Construction in progress	2,958,589	7,369,756	(374,566)	9,953,779
Total nondepreciable capital assets	<u>15,190,133</u>	<u>7,369,756</u>	<u>(374,566)</u>	<u>22,185,323</u>
Depreciable capital assets				
Buildings	36,388,159	-	-	36,388,159
Improvements other than buildings	1,966,068	374,566	-	2,340,634
Machinery and equipment	4,731,924	173,977	(5,054)	4,900,847
Infrastructure	44,877,691	-	-	44,877,691
Total depreciable capital assets	<u>87,963,842</u>	<u>548,543</u>	<u>(5,054)</u>	<u>88,507,331</u>
Total capital assets	<u>103,153,975</u>	<u>7,918,299</u>	<u>(379,620)</u>	<u>110,692,654</u>
Less accumulated depreciation for:				
Buildings	(30,526,979)	(797,832)	-	(31,324,811)
Improvements other than buildings	(1,250,978)	(401,856)	-	(1,652,834)
Machinery and equipment	(2,150,470)	(297,645)	5,054	(2,443,061)
Infrastructure	(18,699,863)	(1,472,581)	-	(20,172,444)
Total accumulated depreciation	<u>(52,628,290)</u>	<u>(2,969,914)</u>	<u>5,054</u>	<u>(55,593,150)</u>
Business-type activities capital assets, net	<u>\$ 50,525,685</u>	<u>\$ 4,948,385</u>	<u>\$ (374,566)</u>	<u>\$ 55,099,504</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

**Depreciation Expense by Function:**

<b>Governmental Activities</b>	
General Government	\$ 3,479,782
Public Safety	504,318
Natural Environment	168,081
Transportation	700,684
Economic Environment	46,098
Culture and Recreation	<u>1,106,133</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,005,096</u></u>
 <b>Business-type Activities</b>	
Water/Sewer/Storm Utility	\$ 2,918,770
Golf Course	<u>51,144</u>
 Total Depreciation Expense - Business-Type Activities	 <u><u>\$ 2,969,914</u></u>

The City implemented a capital asset accounting module in 2014. In the process of implementation and subsequent 2014 financial statement audit a number of prior year asset reporting errors were discovered. The City corrected the asset accounts and has restated beginning capital asset balances to reflect those corrections which are as follows (see also Note 4-E):

Transportation Infrastructure, net of depreciation	\$1,388,158
Reclassification of Buildings and Improvements, net of depreciation	\$1,411,396
Reclassification of Land and Construction in Progress	<u>\$ 571,978</u>
Sub-Total	\$3,371,533
Business Type Activity	
Water and Sewer Utility Infrastructure and Construction in Progress	<u>\$( 614,742)</u>
Grand Total	<u><u>\$2,756,791</u></u>

**Note 3 – Detailed Notes on All Funds (Continued)**

<b>Discretely Presented Component Unit Lynnwood Public Facilities District</b>	<b>Balance 1/1/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/2015</b>
Nondepreciable capital assets:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Construction in progress	-	80,805	-	80,805
Total nondepreciable capital assets	<u>6,788,800</u>	<u>80,805</u>	<u>-</u>	<u>6,869,605</u>
Depreciable capital assets:				
Buildings	20,551,710	-	-	20,551,710
Intangible assets	27,500	(27,500)	-	-
Improvements other than buildings	1,053,940	111,151	(10,446)	1,154,645
Machinery and equipment	787,079	-	-	787,079
Infrastructure	79,375	-	-	79,375
Total depreciable capital assets	<u>22,499,604</u>	<u>83,651</u>	<u>(10,446)</u>	<u>22,572,809</u>
Total capital assets	<u>29,288,404</u>	<u>164,456</u>	<u>(10,446)</u>	<u>29,442,414</u>
Less accumulated depreciation for:				
Buildings	(4,860,349)	(438,140)	-	(5,298,489)
Intangible assets	(27,500)	27,500	-	-
Improvements other than buildings	(451,850)	(128,358)	-	(580,208)
Machinery and equipment	(759,920)	(27,158)	-	(787,078)
Infrastructure	(41,011)	(3,970)	-	(44,981)
Total accumulated depreciation	<u>(6,140,630)</u>	<u>(570,126)</u>	<u>-</u>	<u>(6,710,756)</u>
Business-type activities capital assets, net	<u>\$ 23,147,774</u>	<u>\$ (405,670)</u>	<u>\$ (10,446)</u>	<u>\$ 22,731,658</u>

**3-E. - Interfund Transfers and Loans**

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.

**Note 3 – Detailed Notes on All Funds (Continued)**

Interfund transfers for the year ended December 31, 2015, consisted of the following:

		<b>TRANSFER TO</b>					
		<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Funds</b>	<b>Utility</b>	<b>Total</b>
<b>TRANSFER FROM</b>	General Fund	\$ -	\$ -	\$ 1,797,844	\$ 1,664,469	\$ -	\$ 3,462,313
	Debt Service Funds	12,312	-	-	-	-	12,312
	Special Revenue Funds	76,083	150,000	-	740,000	-	966,083
	Capital Project Funds	-	175,001	-	1,202,406	-	1,377,407
	Utility Funds	-	-	-	1,868,533	1,015,046	2,883,579
			<u>\$ 88,395</u>	<u>\$ 325,001</u>	<u>\$ 1,797,844</u>	<u>\$ 5,475,408</u>	<u>\$ 1,015,046</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt services; and to return money to the fund from which it was originally provided once a project is completed.

Generally, all City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Interfund Loans for the year ended December 31, 2015 consisted of the following:

		<b>DUE FROM</b>		
		<b>Golf Course</b>	<b>Internal Service Funds</b>	<b>Total</b>
<b>DUE TO</b>	General Fund	\$ 1,200,000	\$ 445,000	\$ 1,645,000
	Total	<u>\$ 1,200,000</u>	<u>\$ 445,000</u>	<u>\$ 1,645,000</u>

Interfund loans provide one time, short term funding for equipment purchases and improvements from available and unassigned funds.

The General Fund loaned funds to Internal Service Funds for temporary cash flow needs. The loans were repaid in January 2016.

In July 2014, the City Council passed resolution 2014-07 approving a \$1.3 million loan from the General Fund to the Golf Fund for the Golf Fund's temporary cash flow needs. In July 2016 resolution 2014-07 was rescinded and replaced with resolution 2016-12 for a new loan amount of \$1,850,000 and a fifteen year loan payment schedule.

**Note 3 – Detailed Notes on All Funds (Continued)**

**3-F – 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, 2015 was \$255,444 in governmental activities and \$130,067 in business-type activities. The future minimum lease payments for these leases are as follows:

<b>Year Ending December 31</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>
2016	\$ 298,742	\$ 53,585
2017	304,491	45,843
2018	182,695	46,814
2019	159,577	47,469
2020	160,950	48,002
2021-2024	46,387	31,173
	<u>\$ 1,152,842</u>	<u>\$ 272,886</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, 2015 was \$12,247 in governmental activities and no equipment lease costs in business-type activities. The future minimum lease payments for the non-cancellable lease is, as follows:

<b>Year Ending December 31</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>
2016	\$ 8,751	\$ 673
2017	52,758	673
2018	52,758	673
2019	52,758	673
2020	52,758	673
	<u>\$ 219,783</u>	<u>\$ 3,365</u>

**3-G. 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

**Note 3 – Detailed Notes on All Funds (Continued)**

**Changes in Long-term liabilities** - Changes in the City’s long-term obligations consisted of the following for the year ended December 31, 2015 (includes internal service fund):

	Outstanding 1/1/2015	Additions	Reductions	Outstanding 12/31/2015	Amounts Due in One Year
<b>Governmental Activities</b>					
2005 general obligation bonds (800 Mhz)	\$ 618,178	\$ 571,631	\$ 719,588	\$ 470,221	\$ 104,146
2009 general obligation refunding bonds	955,000	-	310,000	645,000	315,000
2012 general obligation bonds	24,245,000	-	425,000	23,820,000	445,000
Special assessment bonds	1,670,000	-	565,000	1,105,000	400,000
Claims and judgements payable	39,381	34,750	39,381	34,750	-
Compensated absences	4,539,117	-	65,419	4,473,698	1,062,405
Net pension liability	257,272	11,721,472	257,272	11,721,472	-
Other post-employment benefits	3,093,333	1,367,738	-	4,461,071	-
<b>Total Governmental Activities</b>	<b>\$ 35,417,281</b>	<b>\$ 13,695,591</b>	<b>\$ 2,381,660</b>	<b>\$ 46,731,212</b>	<b>\$ 2,326,551</b>
<b>Business-Type Activities</b>					
2008 utility improvement refunding bonds	\$ 4,435,000	\$ -	\$ 265,000	\$ 4,170,000	\$ 275,000
2010 utility system revenue bonds	7,435,000	-	290,000	7,145,000	295,000
2015 utility system revenue bonds	-	24,075,000	-	24,075,000	695,000
Unamortized (Premiums)/Discounts	159,766	1,533,070	(24,766)	1,717,602	-
Net pension liability	-	2,340,634	-	2,340,634	-
Compensated absences	268,585	37,665	-	306,250	89,146
<b>Total Business-Type Activities</b>	<b>\$ 12,298,351</b>	<b>\$ 27,986,369</b>	<b>\$ 530,234</b>	<b>\$ 39,754,486</b>	<b>\$ 1,354,146</b>

The annual total requirements to amortize the debt outstanding for general obligation, revenue bonds, special assessment and installment notes payable as of December 31, 2015, including interest, are as follows:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,264,146	\$ 955,826	\$ 1,265,000	\$ 1,452,067	\$ 4,937,039
2017	1,273,951	902,989	1,405,000	1,312,801	4,894,741
2018	1,260,537	851,942	1,470,000	1,247,537	4,830,016
2019	966,587	821,063	1,535,000	1,180,338	4,502,988
2020	860,000	796,013	1,605,000	1,125,837	4,386,850
2021-2025	4,795,000	3,488,352	9,180,000	4,409,538	21,872,890
2026-2030	5,670,000	2,614,051	11,190,000	2,400,511	21,874,562
2031-2035	6,825,000	1,458,401	7,740,000	772,982	16,796,383
2036-2037	3,125,000	188,800	-	-	3,313,800
<b>Total</b>	<b>\$ 26,040,221</b>	<b>\$ 12,077,437</b>	<b>\$ 35,390,000</b>	<b>\$ 13,901,611</b>	<b>\$ 87,409,269</b>

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**Note 3 – Detailed Notes on All Funds (Continued)****Governmental Activities General Obligation Bonds**

**2005 General Obligation Bonds (800 Mhz) Loan** – 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 4-D 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 and again in 2015, including the City's participation amount of \$1,519,147 in 2005 and \$470,221 in 2015. The City reports these bonds as 2005 general obligation bonds. The bonds are amortized over 15 years with interest payable semi-annually. The loan will be paid off in 2019.

**Series 2009A and 2009B Limited Tax General Obligation Refunding Bonds** - In April 2009 the City issued Limited Tax General Obligation Refunding Bonds for the purchase of software, equipment for police vehicles and golf course equipment and 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.

**Series 2012 General Obligation Bonds** - 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.

**Business-type Activities – Revenue Bonds** – The City has two outstanding revenue bond issues that were issued to fund the design and construction of various utility improvement projects.

**2008 Utility System Revenue Bond** - 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.

**2010 Utility Improvement Refunding 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.

**Note 3 – Detailed Notes on All Funds (Continued)**

**2015 Utility Improvement Refunding Bonds** - The 2015 Utility System Revenue Bonds were issued on October 28, 2015. The proceeds from the sale of the bonds are to be utilized to redeem the City’s Utility System Revenue Bond Anticipation Note and finance a portion of the carrying out of a Plan of additions, betterments, and extensions of the utility system. Some of the projects included in the Plan of Additions are general system improvements including water meter reading system upgrade and replacement, sewer facility replacements, installations and upgrades, wastewater treatment plant system upgrades, and storm water utility improvements. A portion of the proceeds also funds issuance and reserve costs associated with the sale. Annual principal payments range from \$695,000 to \$1,645,000 with interest varying from 2.375% to 5.0%. 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.

Contingent Liability for Public Facilities District (PFD) non-exchange transaction. (Please see Note 4-C – *Contingent Liabilities.*)

In reference to GASB Statement No. 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).

**3-H. Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2015:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$14,062,106
Pension assets	\$5,847,477
Deferred outflows of resources	\$2,304,056
Deferred inflows of resources	\$3,643,126
Pension expense/expenditures	\$976,158

**State Sponsored Pension Plans**

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Note 3 – Detailed Notes on All Funds (Continued)**

**Public Employees’ Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of City and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

*Contributions* - The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The City’s actual contributions to the plan were \$666,898 for the year ended December 31, 2015.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

**Note 3 – Detailed Notes on All Funds (Continued)**

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

*Contributions* - The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

The City’s actual contributions to the plan were \$836,400 for the year ended December 31, 2015.

**Public Safety Employees’ Retirement System (PSERS)**

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, 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 membership includes:

- PERS 2 or 3 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
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain 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, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

**Note 3 – Detailed Notes on All Funds (Continued)**

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (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. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. 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 three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

*Contributions* - The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2015 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The City’s actual contributions to the plan were \$43,851 for the year ended December 31, 2015.

**Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)**

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

*Contributions* - Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**Note 3 – Detailed Notes on All Funds (Continued)**

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. 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 three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

*Contributions* - The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City’s actual contributions to the plan were \$664,078 for the year ended December 31, 2015.

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 the state fiscal year ending June 30, 2015, the state contributed \$424,256 to LEOFF Plan 2.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2014 with a valuation date of June 30, 2013. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2014. Plan liabilities were rolled forward from June 30, 2013, to June 20, 2014, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

**Note 3 – Detailed Notes on All Funds (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3). Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on DRS pension plan investments of 7.5% was determined using a building-block-method. The *Washington State Investment Board (WSIB)* used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB’s capital market assumptions. WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50-year time horizon.

**Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB’s most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	<b>100%</b>	

**Note 3 – Detailed Notes on All Funds (Continued)**

**Sensitivity of NPL**

The table below presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$8,701,069	\$7,146,653	\$5,809,998
PERS 2/3	\$17,444,280	\$5,965,790	(\$2,822,859)
PSERS 2	\$321,085	\$42,256	(\$156,088)
LEOFF 1	(\$736,794)	(\$1,151,685)	(\$1,505,302)
LEOFF 2	\$4,702,531	(\$4,695,792)	(\$11,768,387)

**Pension Plan Fiduciary Net Position**

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.**

At June 30, 2015, the City reported a total pension liability of \$7,307,222 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$7,146,653
PERS 2/3	\$5,965,790
PSERS 2	\$42,256
LEOFF 1	(\$1,151,685)
LEOFF 2	(\$4,695,792)

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	\$(4,695,792)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	\$(3,104,893)
TOTAL	\$(7,800,685)

**Note 3 – Detailed Notes on All Funds (Continued)**

At June 30, the City’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	.144019%	.136623%	(.007396%)
PERS 2/3	.171560%	.166966%	(.004594%)
PSERS 2	.218320%	.231513%	.013193%
LEOFF 1	.095132%	.095558%	.000426%
LEOFF 2	.441504%	.456878%	.015374%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.52 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.48 percent of employer contributions. The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2015, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$6,488
PERS 2/3	\$550,468
PSERS 2	\$52,654
LEOFF 1	\$(231,002)
LEOFF 2	\$98,157
TOTAL	\$476,765

**Note 3 – Detailed Notes on All Funds (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>PERS 1</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$391,000
Contributions subsequent to the measurement date	\$349,435	\$-
<b>TOTAL</b>	<b>\$349,435</b>	<b>\$391,000</b>

<i>PERS 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$634,165	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$1,592,583
Changes of assumptions	\$9,612	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$-	\$4,307
Contributions subsequent to the measurement date	\$430,325	\$-
<b>TOTAL</b>	<b>\$1,074,102</b>	<b>\$1,596,890</b>

<i>PSERS 2</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$39,589	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$20,959
Changes of assumptions	\$261	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$-	\$806
Contributions subsequent to the measurement date	\$21,893	\$-
<b>TOTAL</b>	<b>\$61,473</b>	<b>\$21,765</b>

**Note 3 – Detailed Notes on All Funds (Continued)**

<b>LEOFF 1</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$194,429
<b>TOTAL</b>	<b>\$-</b>	<b>\$194,429</b>

<b>LEOFF 2</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$411,195	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$1,422,800
Changes of assumptions	\$12,386	\$-
Changes in proportion and differences between contributions and proportionate share of contributions	\$80,849	\$-
Contributions subsequent to the measurement date	\$314,616	\$-
<b>TOTAL</b>	<b>\$819,046</b>	<b>\$1,422,800</b>

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<i>Total</i>	<i>PERS 1</i>	<i>PERS 2/3</i>	<i>PSERS</i>	<i>LEOFF 1</i>	<i>LEOFF2</i>
2016	\$(1,194,674)	\$(151,538)	\$(475,870)	\$(1,588)	\$(75,445)	\$(490,233)
2017	\$(1,194,674)	\$(151,538)	\$(475,870)	\$(1,588)	\$(75,445)	\$(490,233)
2018	\$(1,194,681)	\$(151,538)	\$(475,871)	\$(1,590)	\$(75,445)	\$(490,237)
2019	\$749,169	\$63,614	\$330,986	\$10,913	\$31,908	\$311,748
2020	\$72,742	\$-	\$-	\$6,776	\$-	\$65,966
Thereafter	\$19,967	\$-	\$-	\$6,774	\$-	\$13,193

**Note 3 – Detailed Notes on All Funds (Continued)****City Sponsored Pension Plan - Firemen's Pension Plan**

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, 2015, 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.

**Key Elements of Pension Formulas**

The City is responsible for the portion of member monthly pension benefits due to members per RCW 41.16 but not paid directly by the State. The funding formula is based on years of service, type of retirement plan for each member, current employment or union contract agreements for firefighter union plus adjustments for cost of living and longevity.

**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 RCW.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.

**Note 3 – Detailed Notes on All Funds (Continued)**

**Assumptions and Other Inputs**

As of December 31, 2015 the FPF had \$509,670 in cash and cash equivalents invested in the City’s internal investment pool and short term investments. 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 co-mingled with the City of Lynnwood treasury and therefore are included in the City’s investment policy addressed in Note 3-A.

As of December 31, 2015 the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 0.08 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.

The total pension liability for the plan was determined using the most recent actuarial valuation completed in 2016 with a valuation date of December 31, 2015.

- **Discount rate:** 3.50% - Rate applied in the measurement of the total pension liability
- **Inflation:** 2.00% - total economic inflation, 2.50% wage inflation.
- **Investment rate of return:** 3.50% - Composite rate is based on the expected return on long-term municipal bonds and is used for both the funded and unfunded liability.
- **Actuarial Cost Method:** Entry Age Normal
- The mortality table used, RP-2000, is projected to the year 2025 using Scale BB to include an allowance for future improvements in longevity.
- The table below presents the City’s net pension liability calculated using the discount rate of 3.5% as well as what the 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 2.5%	Current Disc. Rate 3.5%	1% Increase 4.5%
Net Pension Liability	\$1,077,654	\$907,406	\$763,647

**Note 3 – Detailed Notes on All Funds (Continued)**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at 12/31/2014</b>	<b>\$1,219,074</b>	<b>\$615,392</b>	<b>\$603,682</b>
<b>Changes for the year:</b>			
Service Cost	0	0	0
Interest	41,432	0	41,432
Changes in assumptions	194,582	0	194,582
Differences between expected and actual experience	32,573	0	32,573
Contributions – employer	0	55,515	(55,515)
Contributions – employees	0	0	0
Net investment income	0	0	0
Benefit payments and withdraws	(70,585)	(70,585)	0
Administrative expense	0	0	0
Other changes	0	(90,652)	90,652
<b>Net changes</b>	<b>198,002</b>	<b>(105,722)</b>	<b>303,724</b>
<b>Balance at 12/31/2015</b>	<b>\$1,417,076</b>	<b>\$509,670</b>	<b>\$907,406</b>

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to FPF pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$-
Net difference between projected and actual investment earnings on pension plan investments	\$-	\$16,242
Changes of assumptions	\$-	\$-
Contributions subsequent to the measurement date	\$-	\$-
<b>TOTAL</b>	<b>\$-</b>	<b>\$16,242</b>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Amount
2015	\$4,061
2016	\$4,061
2017	\$4,061
2018	\$4,061
2019	\$4,061
Thereafter	\$-

**Note 3 – Detailed Notes on All Funds (Continued)****3-I. 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) Plan 1 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, 2015, 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 was prepared using the Office of the State Actuary OPEB reporting tool at January 1, 2016.

**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.

**Actuarial Methods and Assumptions**

The City used the alternative measurement method permitted under GASB Statement No. 45.

A single retirement age of 55.3 was assumed for all active members for the purpose of determining the actuary accrued liability (AAL) and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2014, actuarial valuation report issued by the Office of the State Actuary (OSA).

Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was the Projected Unit Credit. The AAL and Net OPEB Obligation are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation. The medical inflation trend is the percentage that medical costs are expected to increase in future years.

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

**Note 3 – Detailed Notes on All Funds (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The following table illustrates the components of the January 1, 2016 calculation:

	<u>PVFB</u>	<u>AAL</u>
Inactive: Medical Expenses	\$17,187,011	\$17,187,011
Long-Term Care	8,893,494	8,893,494
<b>Total Inactive</b>	<b><u>\$26,080,505</u></b>	<b><u>\$26,080,505</u></b>
ARC		
Normal Cost	\$ -	
UAAL Amortization	2,345,709	
<b>ARC</b>	<b><u>\$2,345,709</u></b>	
Annual OPEB Cost		
ARC	\$2,345,709	
NOO Interest	123,733	
NOO Amortization	(278,217)	
<b>Annual OPEB Cost</b>	<b><u>\$2,191,225</u></b>	
NOO		
Starting NOO	\$3,093,333	
Annual OPEB Cost	2,191,225	
Contributions	823,487	
<b>NOO</b>	<b><u>\$4,461,071</u></b>	

The net OPEB obligation of \$4,461,071 (FY 2015) is included as a noncurrent liability on the City’s Statement of Net Position. The City’s actuarial accrued liability (AAL) of \$26,080,505 was unfunded as of December 31, 2015. The City’s OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 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, 2013	\$1,301,918	66%	\$2,549,120
December 31, 2014	\$1,413,184	61%	\$3,093,333
December 31, 2015	\$2,191,225	38%	\$4,461,071

**Note 3 – Detailed Notes on All Funds (Continued)**

**Funded Status and Schedule of Funding Progress**

As of January 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$26.1 million and the actuarial value of the assets was zero percent resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$26.1 million.

**3-J. Fund Equity**

**Fund Balances** – Fund balances are classified as follows:

- **Nonspendable** – The following fund balances are nonspendable because they are not in spendable form:

**General Fund:**

Prepaid Postage	\$ 50,075
Prepaid Rent	53,044
	<u>\$ 103,119</u>

- **Restricted** – The following fund balances are legally restricted to specified purposes:

**Nonmajor Governmental Funds:**

Capital Projects	\$ 7,275,019
Drug Enforcement/Criminal Justice	2,809,834
Debt Service	1,347,771
Tourism promotion	922,645
Street improvements	739,926
Solid Waste Management	43,245
<b>Total Nonmajor Governmental Funds:</b>	<u>\$ 13,138,440</u>

**Note 3 – Detailed Notes on All Funds (Continued)**

- **Committed** – The following fund balances are committed to specific purposes:

**General Fund:**

Revenue Stabilization	\$ 5,814,864
<b>Total General Fund</b>	<u>\$ 5,814,864</u>

**Other Governmental Funds:**

Capital Projects	\$ 246,607
Tree Reserve	56,940
Art Reserve	20,416
Aid Car Reserve	15,723
<b>Total Other Governmental Funds</b>	<u>\$ 339,686</u>

**Note 3 – Detailed Notes on All Funds (Continued)**

- **Assigned** – The following fund balances are assigned to specific purposes:

<b>General Fund:</b>	
Economic Development	\$ 2,019,325
<b>Total General Fund</b>	<u><u>\$ 2,019,325</u></u>

- **Net Investment in Capital Assets** – The net investment in capital assets, reported on the government-wide statement of net position as of December 31, 2015 are as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Total capital assets	\$ 228,355,493	\$ 110,692,654
Less accumulated depreciation	<u>79,878,020</u>	<u>55,593,148</u>
Net capital assets	148,477,473	55,099,506
Less: retainage payable	-	(52,044)
Less: capital related debt	(26,040,221)	(35,390,000)
Add: unspent bond proceeds	-	17,544,811
Less: unamortized bond premium	<u>-</u>	<u>(1,717,602)</u>
Net investment in capital assets	<u><u>\$ 122,437,252</u></u>	<u><u>\$ 35,484,671</u></u>

**Note 4 - Other Notes**

**4-A. 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, 2015, there are 227 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.

**Note 4 – Other Notes (Continued)**

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 1<sup>st</sup> 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, 2015, were \$1,096,145.04.

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.

**4-B. Health and Welfare**

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, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

**Note 4 – Other Notes (Continued)**

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 Group Health, 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 two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. 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 accounting standards established by the Governmental Accounting 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.

**4-C. Contingent Liabilities**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at December 31, 2015. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

The Lynnwood Public Facilities District issued \$25,482,100 Convention Center revenue and sales tax refunding bonds to defease the 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 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.

**Note 4 – Other Notes (Continued)****4-D. Joint Ventures**

***Snohomish County Emergency Radio System*** - The City participates in a single joint venture with Snohomish County and other local governments in the “*Snohomish County Emergency Radio System*,” (SERS) a public non-profit corporation formed in 1999. The purpose of SERS is to design, develop, finance, acquire, install, operate, maintain and repair and replace the county's public safety communications service.

SERS was established via an interlocal agreement between the County, eight cities, and a fire district located within the county. Each member city and the County provide a voting member to the SERS board of directors. The purpose of SERS is to develop a countywide public safety communications system. The County financed its investment in SERS with general obligations bond proceeds.

The Cities of Brier, Edmonds, Everett, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo and Woodway, and Snohomish County are jointly responsible for the financing of SERS. 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 population, geographic service area and usage of emergency service via service calls to dispatch centers. Each member provides a voting representative to SERS governing board of directors. The SERS board has the authority to approve system design, project expenditures and adopt SERS budget.

At December 31, 2015, the City owned an equity interest in the SERS joint venture of \$469,507. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2015. The County financed its capital contribution to SERS via the issuance of bonded debt. The equity interest is adjusted to the extent of revenues and expenditure transactions occurring between the County and SERS as recorded in the County's financial system. The County, who acts as the entity's fiscal agent under the Administrative Services Agreement signed on January 19, 2000, prepares the unaudited financial information. Separate financial statements for the Snohomish County Emergency Radio System can be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

***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, 2015, the City of Lynnwood owned an equity interest in the SNOCOM joint venture of \$1,088,259. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2015. 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 Lynnwood'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 219<sup>th</sup> St SW, Suite 200, Mountlake Terrace, WA 98043.

**Note 4 – Other Notes (Continued)**

**Alliance for Housing Affordability (AHA)** - In September, 2013, the City joined the cities of Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Greek, 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, 2015 to add the City of Arlington and in June, 2015 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.

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's equity share to date is:

Calendar Year	AHA Budget	City's Share of AHA's Budget	
		Amount	Percentage
2014	\$ 89,850	\$ 2,151	2.39%
2014	\$ 92,543	\$ 2,516	2.39%
2015	\$ 123,464	\$ 2,753	2.29%
2016	\$ 145,590	\$ 2,143	1.47%

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 Crystil Woolridge, Finance Director, City of Mountlake Terrace, 6100 219<sup>th</sup> Street SW, Mountlake Terrace WA 98043 or Kristina Gallant, Housing Analyst, Alliance for Housing Affordability, 12625 4<sup>th</sup> Ave W, Suite 200, Everett, WA 98204.

**Emergency Services Coordinating Agency (ESCA)** - 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".

On June 25, 2015 the Agency members passed resolution (2015-3) to dissolve ESCA during the 2015 fiscal year. The City received \$68,298 in March 2016 for its share of the equity interest.

**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 is 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. There was no construction activity during 2015 and maintenance costs totaled \$37,628.

**Note 4 – Other Notes (Continued)**

**4-E. Prior Period Adjustments and Restatements**

The City is reporting the following adjustments related to prior periods and restatement of beginning net position:

	Net Position		
	Governmental Activities	Business-type Activities	Total
Net Position previously reported at December 31, 2014	\$ 142,892,057	\$ 54,726,665	\$ 197,618,722
Correction to Capital Assets reported in 2014	3,371,533	(614,742)	2,756,791
Correction to Parks Fund Deferred Revenue reported in 2014	(470,000)	-	(470,000)
Reporting Errors from Prior Year	(916,858)	685,035	(231,823)
Adjusted Net Position previously reported at December 31, 2014	\$ 144,876,732	\$ 54,796,958	\$ 199,673,690
Beginning Net Position Restatement - GASB 68 Change in Accounting Principle	\$ (8,178,468)	\$ (2,610,301)	\$ (10,788,769)
Beginning Net Position as Restated, December 31, 2014	\$ 136,698,264	\$ 52,186,657	\$ 188,884,921

*Capital Assets* - The City converted to a new capital asset accounting system in October 2014. During the 2014 financial statement audit, Auditors raised concerns about the City’s controls over ensuring the accuracy of the data contained in the new asset accounting system. Subsequent to the 2014 financial statement audit the City conducted a review of the accounting system data and calculations. After asset system records were compared to underlying asset inventory and asset amounts reported in the financial statements the City discovered errors in asset amounts reported in the 2014 financial statements. The City corrected the financial statement amounts and reported the net change as a prior period adjustment.

*Parks Fund* - The City received \$470,000 from the Hospital District via a nonprofit, Verdant, in late 2014 to fund a multi-city bike path project, “BikeLink”. These funds were received prior to any work being done on the project. The City incorrectly classified this as earned revenue in 2014. This error was discovered in 2015 and the \$470,000 was reclassified as “unearned revenue” as the local grant was received prior to any expenses incurred on the project. The entry to correct the error was reported as a prior period adjustment to 2014.

*Prior Year Reporting Errors* – The City implemented a new financial system in 2014 which included a CAFR Builder reporting module. 2014 was the first year financial statements were generated from the new system using the CAFR Builder program. The City encountered difficulties with the program so chose not to use it for the 2015 financial statements. While preparing 2015 financial statements, City staff discovered immaterial errors in 2014 Ending Net Position balances reported on the 2014 financial statements and it was concluded the cause was due to an incorrect setup of the CAFR Builder program. The City is not able to re-create or trace these amounts to transactions and has concluded these prior year errors were caused by incorrect setup of the CAFR Builder program.

*GASB 68* - Under the requirements of GASB 68, the City is allowed to restate beginning net position to report the collective impact of recording initial pension entries. Methods and assumptions used for determining the City’s share of pension plan amounts are obtained from the State Department of Revenue and Office of the State Actuary.

**4-F. Fund Changes** - Fund additions/deletions in the current year are, as follows:

- The following funds have been closed a 1/1/2015:
  - ✓ Special Revenue - EMS Property Tax Reserve Fund 120
  - ✓ Debt Service – 2001 Refunding Bond Fund 201
  - ✓ Debt Service – 65<sup>th</sup> Avenue Sewers LID Fund 265
  - ✓ Enterprise – 2008 Utility Bond Construction Fund 440

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## REQUIRED SUPPLEMENTARY INFORMATION

**City of Lynnwood, Washington**  
**Schedule of Revenues - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2015**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2014)*

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<b>Revenues</b>					
Taxes:					
Property tax	\$ 17,705,385	\$ 18,217,345	\$ 11,026,808	\$ (7,190,537)	\$ 8,895,775
Sales tax	36,477,257	36,527,257	19,223,331	(17,303,926)	18,263,866
Business taxes	13,117,072	13,117,072	6,922,723	(6,194,349)	6,312,066
Other taxes	2,739	2,739	3,787	1,048	3,865
<b>Total Taxes</b>	<b>67,302,453</b>	<b>67,864,413</b>	<b>37,176,649</b>	<b>(30,687,764)</b>	<b>33,475,572</b>
Licenses and Permits:					
Business licenses	5,630,851	5,630,851	2,349,937	(3,280,914)	1,936,549
Franchise taxes	913,198	913,198	512,228	(400,970)	498,249
Permits and fees	2,130,448	2,255,448	1,763,939	(491,509)	1,129,258
<b>Total Licenses and Permits</b>	<b>8,674,497</b>	<b>8,799,497</b>	<b>4,626,104</b>	<b>(4,173,393)</b>	<b>3,564,056</b>
Intergovernmental:					
Liquor Board taxes	727,836	727,836	434,467	(293,369)	381,178
Streamlined sales tax	452,333	452,333	261,509	(190,824)	262,724
Other	994,273	994,273	739,322	(254,951)	716,244
<b>Total Intergovernmental</b>	<b>2,174,442</b>	<b>2,174,442</b>	<b>1,435,298</b>	<b>(739,144)</b>	<b>1,360,146</b>
Charges for Services:					
Aid car fees	1,088,647	1,488,647	1,041,493	(447,154)	722,418
Planning fees	842,108	917,108	640,410	(276,698)	389,320
Interfund	3,425,868	3,425,868	-	(3,425,868)	1,387,706
Recreation	5,095,207	5,138,007	2,406,662	(2,731,345)	2,308,508
Other	1,297,343	1,447,504	653,071	(794,433)	604,009
<b>Total Charges for Services</b>	<b>11,749,173</b>	<b>12,417,134</b>	<b>4,741,636</b>	<b>(7,675,498)</b>	<b>5,411,961</b>
Fines and Forfeitures:	7,851,300	7,851,300	4,875,564	(2,975,736)	1,629,010
Miscellaneous					
Investment earnings	54,270	54,270	(922)	(55,192)	15,428
Rents and concessions	640,980	640,980	298,638	(342,342)	288,783
Other	121,342	121,342	316,723	195,381	145,610
<b>Total Miscellaneous</b>	<b>816,592</b>	<b>816,592</b>	<b>614,439</b>	<b>(202,153)</b>	<b>449,821</b>
<b>Total Revenues</b>	<b>\$ 98,568,457</b>	<b>\$ 99,923,378</b>	<b>\$ 53,469,690</b>	<b>\$ (46,453,688)</b>	<b>\$ 45,890,566</b>

**City of Lynnwood, Washington**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2015**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2014)*

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<b>Expenditures</b>					
<b>General Government</b>					
Legislative/executive	\$ 2,857,196	\$ 2,723,706	\$ 1,087,548	\$ 1,636,158	\$ 861,768
Administrative services	9,630,090	10,522,215	3,997,053	6,525,162	4,819,386
Legal	2,550,000	2,550,000	1,561,085	988,915	1,336,789
Human Resources	1,250,054	1,269,277	601,579	667,698	632,142
Property management	2,879,103	2,905,219	1,520,010	1,385,209	1,463,349
<b>Total General Government</b>	<u>19,166,443</u>	<u>19,970,417</u>	<u>8,767,275</u>	<u>11,203,142</u>	<u>9,113,434</u>
<b>Economic Environment</b>	<u>6,434,537</u>	<u>7,359,555</u>	<u>2,931,068</u>	<u>4,428,487</u>	<u>3,005,198</u>
<b>Judicial</b>	<u>2,238,981</u>	<u>2,313,143</u>	<u>1,082,539</u>	<u>1,230,604</u>	<u>997,407</u>
<b>Natural Environment</b>	<u>287,527</u>	<u>287,527</u>	<u>114,567</u>	<u>172,960</u>	<u>110,007</u>
<b>Culture &amp; Recreation</b>	<u>11,642,745</u>	<u>12,260,461</u>	<u>5,764,728</u>	<u>6,495,733</u>	<u>5,689,644</u>
<b>Public Safety</b>					
Police	34,619,405	34,694,405	17,305,181	17,389,224	16,534,155
Fire	21,378,517	22,221,391	10,790,561	11,430,830	10,418,602
<b>Total Public Safety</b>	<u>55,997,922</u>	<u>56,915,796</u>	<u>28,095,742</u>	<u>28,820,054</u>	<u>26,952,757</u>
<b>Social Services</b>	<u>929,401</u>	<u>939,401</u>	<u>460,061</u>	<u>479,340</u>	<u>417,515</u>
<b>Transportation</b>	<u>2,867,258</u>	<u>2,983,604</u>	<u>1,223,777</u>	<u>1,759,827</u>	<u>1,416,628</u>
<b>Utilities</b>	<u>524,761</u>	<u>524,761</u>	<u>-</u>	<u>524,761</u>	<u>251,333</u>
<b>Debt Service</b>	<u>350</u>	<u>350</u>	<u>1,091</u>	<u>(741)</u>	<u>633</u>
<b>Capital Outlay</b>	<u>101,733</u>	<u>291,998</u>	<u>126,585</u>	<u>165,413</u>	<u>338,554</u>
<b>Total Expenditures</b>	<u>\$ 100,191,658</u>	<u>\$ 103,847,013</u>	<u>\$ 48,567,433</u>	<u>\$ 55,279,580</u>	<u>\$ 48,293,110</u>

**City of Lynnwood, Washington**  
*Schedule of Proportionate Share of the Net Pension Liability/Asset*  
*As of June 30, 2015 (in thousands)*

***PERS 1***

	2015
Employer's proportion of the net pension liability (asset)	0.136623%
Employer's proportionate share of the net pension liability	\$ 7,147
Employer's covered employee payroll	\$ 71
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	10066.20%
Plan fiduciary net position as a percentage of the total pension liability	59.10%

***PERS 2/3***

	2015
Employer's proportion of the net pension liability (asset)	0.166966%
Employer's proportionate share of the net pension liability	\$ 5,966
Employer's covered employee payroll	\$ 14,819
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.26%
Plan fiduciary net position as a percentage of the total pension liability	89.20%

***PSERS 2***

Employer's proportion of the net pension liability (asset)	0.231513%
Employer's proportionate share of the net pension liability	\$ 43
Employer's covered employee payroll	\$ 678
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	6.34%
Plan fiduciary net position as a percentage of the total pension liability	95.08%

Notes to Schedule:

Factors that significantly affect trends in the amounts reported in the schedule include changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions such as the discount rate.

***LEOFF 1***

Employer's proportion of the net pension asset	0.095558%
Employer's proportionate share of the net pension asset	\$ 1,152
Employer's covered employee payroll	\$ 0
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%

**City of Lynnwood, Washington**  
*Schedule of Employer Contributions*  
*As of December 31 (in thousands)*

**PERS 1**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contributions	\$ 7	\$ 14	\$ 24	\$ 29	\$ 28	\$ 34	\$ 46	\$ 47	\$ 35	\$ 23
Contributions in relation to the contractually required contributions	<u>(7)</u>	<u>(14)</u>	<u>(24)</u>	<u>(29)</u>	<u>(28)</u>	<u>(34)</u>	<u>(46)</u>	<u>(47)</u>	<u>(35)</u>	<u>(23)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered Employer Payroll	\$ 71	\$ 156	\$ 293	\$ 421	\$ 492	\$ 707	\$ 694	\$ 653	\$ 682	\$ 744
Contributions as a percentage of covered employee payroll	9.86%	8.97%	8.19%	6.89%	5.69%	4.81%	6.63%	7.20%	5.13%	3.09%

**PERS 2/3**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contributions	\$ 1,365	\$ 1,345	\$ 1,188	\$ 1,014	\$ 893	\$ 824	\$ 1,099	\$ 1,036	\$ 750	\$ 375
Contributions in relation to the contractually required contributions	<u>(1,365)</u>	<u>(1,345)</u>	<u>(1,188)</u>	<u>(1,014)</u>	<u>(893)</u>	<u>(824)</u>	<u>(1,099)</u>	<u>(1,036)</u>	<u>(750)</u>	<u>(375)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$14,819	\$14,550	\$14,496	\$14,138	\$14,409	\$15,544	\$16,077	\$14,413	\$13,489	\$12,352
Contributions as a percentage of covered employee payroll	9.21%	9.24%	8.20%	7.17%	6.20%	5.30%	6.84%	7.19%	5.56%	3.04%

**PSERS 2**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contributions	\$ 71	\$ 67	\$ 54	\$ 43	\$ 40	\$ 37	\$ 36	\$ 25	\$ 16	\$ 3
Contributions in relation to the contractually required contributions	<u>(71)</u>	<u>(67)</u>	<u>(54)</u>	<u>(43)</u>	<u>(40)</u>	<u>(37)</u>	<u>(36)</u>	<u>(25)</u>	<u>(16)</u>	<u>(3)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered Employer Payroll	\$ 678	\$ 637	\$ 555	\$ 488	\$ 479	\$ 475	\$ 416	\$ 276	\$ 187	\$ 37
Contributions as a percentage of covered employee payroll	10.47%	10.52%	9.73%	8.81%	8.35%	7.79%	8.65%	9.06%	8.56%	8.11%

**LEOFF 1**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
Covered Employer Payroll	\$ -	\$ -	\$ 23	\$ 88	\$ 96	\$ 83	\$ 109	\$ 181	\$ 160	\$ 372
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**City of Lynnwood, Washington**  
*Schedule of Proportionate Share of the Net Pension Liability/Asset*  
*Law Enforcement Officers' and Fire Fighters' Retirement Plan 2*  
*State Sponsored Plans*  
*As of June 30, 2015 (in thousands)*

	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	(0.456878%)
<u>Employer's proportionate share of the net pension Asset</u>	\$ (4,696)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (3,105)
TOTAL	\$ (7,801)
<u>Employer's covered employee payroll</u>	\$ 13,260
<u>Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll</u>	35.41%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	111.67%

**City of Lynnwood, Washington**  
*Schedule of Employer Contributions*  
*Law Enforcement Officers' and Fire Fighters' Retirement Plan 2*  
*State Sponsored Plans*  
*As of December 31, 2015 (in thousands)*

	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 670
<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>\$ (670)</u>
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>
<u>Covered employer payroll</u>	\$ 13,260
<u>Contributions as a percentage of covered employee payroll</u>	5.05%

**City of Lynnwood, Washington**  
*Schedule of Changes in Net Pension Liability and Related Ratios*  
*Firemen's Pension*

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ -	\$ -
Interest	41,432	41,801
Changes in benefit terms	-	54,392
Differences between expected and actual experience	32,573	-
Changes of assumptions	194,582	-
Benefit payments	(70,585)	(73,119)
<b>Net change in total pension liability</b>	198,002	23,074
<b>Total pension liability - beginning</b>	<u>1,219,074</u>	<u>1,196,000</u>
<b>Total pension liability - ending (a)</b>	<u>1,417,076</u>	<u>1,219,074</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	55,515	56,875
Contributions - nonemployer contributing entities	-	-
Contributions - employee	-	-
Net investment income	-	651
Benefit payments, including refunds of contributions	(70,585)	(73,119)
Administrative expense	-	(21,825)
Other	(90,652)	(45,326)
<b>Net change in plan fiduciary net position</b>	(105,722)	(82,744)
<b>Plan fiduciary net position - beginning</b>	<u>615,392</u>	<u>698,136</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 509,670</u>	<u>\$ 615,392</u>
<b>Net pension liability ending (a) - (b)</b>	<u>\$ 907,406</u>	<u>\$ 603,682</u>
<b>Plan fiduciary net position as a % of total pension liability (b)/(a)</b>	36.0%	50.5%
<b>Covered-employee payroll</b>	0	0
<b>Net pension liability as a % of covered employee payroll</b>	0.00%	0.00%

**Notes to Schedule:**

Factors that significantly effect trends include changes in the size of the population covered by the benefit terms or the use of different assumptions.

**City of Lynnwood, Washington**  
*Schedule of Employer Contributions*  
*Firemen's Pension*  
*Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially/statutorily/contractually determined contribution	\$43,999	\$43,999	\$51,946	\$51,946	\$49,477	\$49,477	\$40,127	\$40,127	\$16,267	\$16,267
Actual contribution in relation to the above *	(35,137)	(10,276)	(3,753)	1,536	(11,407)	1,202	6,787	(11,945)	3,998	5,544
Contribution deficiency (excess)	<u>\$79,136</u>	<u>\$54,275</u>	<u>\$55,699</u>	<u>\$50,410</u>	<u>\$60,884</u>	<u>\$48,275</u>	<u>\$33,340</u>	<u>\$52,072</u>	<u>\$12,269</u>	<u>\$10,723</u>
Covered employee payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a % of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule:**

Valuation date: December 31, 2015

Methods and assumptions used to determine contribution rates:

- 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
- Inflation - 2.00%
- Salary increases - 2.50%
- Investment rate of return - 3.50%
- Mortality - RP-2000 using scale BB

\* 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.

**City of Lynnwood, Washington**  
*Schedule of Investment Returns*  
*Firemen's Pension*  
*Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	0.00%	0.09%	0.14%	0.16%	0.22%	0.76%	1.69%	3.57%	5.03%	4.24%

**City of Lynnwood, Washington**  
*Schedule of Funding Progress*  
*LEOFF 1 Retiree Medical and Long-Term Care Benefits*  
*As of December 31, 2015 (in thousands)*

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL
12/31/2015	-	26,080	0%	26,080
12/31/2013	-	23,070	0%	23,070
12/31/2010	-	21,614	0%	21,614
12/31/2007	-	18,127	0%	18,127

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**SUPPLEMENTARY FINANCIAL INFORMATION**

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - By Fund Type**  
**December 31, 2015**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,599,027	\$ 704,683	\$ 6,765,751	\$ 12,069,461
Investments	745,575	88,872	\$ 364,400	1,198,847
Receivables:				
Accounts	504,712	1,868,096	67,649	2,440,457
Taxes	91,275	-	165,854	257,129
Intergovernmental	9,875	-	415,863	425,738
Restricted assets	103,545	-	-	103,545
<b>Total Assets</b>	<b>\$ 6,054,009</b>	<b>\$ 2,661,651</b>	<b>\$ 7,779,517</b>	<b>\$ 16,495,177</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 240,541	\$ -	\$ 196,998	\$ 437,539
Accrued salaries and wages payable	41,413	-	-	41,413
Other current liabilities payable	958	-	158,551	159,509
Unearned revenue	1,064,710	-	-	1,064,710
<b>Total Liabilities</b>	<b>1,347,622</b>	<b>-</b>	<b>355,549</b>	<b>1,703,171</b>
<b>Deferred Inflows - Special Assessments</b>	<b>-</b>	<b>1,313,880</b>	<b>-</b>	<b>1,313,880</b>
<b>Fund Balances</b>				
Committed	93,079		246,607	339,686
Restricted	4,613,308	1,347,771	7,177,361	13,138,440
<b>Total Liabilities , Deferred Fund Balances</b>	<b>\$ 6,054,009</b>	<b>\$ 2,661,651</b>	<b>\$ 7,779,517</b>	<b>\$ 16,495,177</b>

**City of Lynnwood, Washington**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - By Fund Type**  
**For the Year Ended December 31, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 2,942,725	\$ -	\$ 1,859,890	\$ 4,802,615
Intergovernmental	1,857,455	-	5,306,705	7,164,160
Special assessments	-	501,181	-	501,181
Charges for services	187,322	6,383	49,798	243,503
Licenses and permits	140,525	-	-	140,525
Other interest	-	108,449	-	108,449
Fines and forfeitures	25,443	-	-	25,443
Investment earnings	628	-	-	628
Miscellaneous	26,464	-	-	26,464
<b>Total Revenues</b>	<b>5,180,562</b>	<b>616,013</b>	<b>7,216,393</b>	<b>13,012,968</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	192,328	192,328
Public safety	171,045	-	-	171,045
Transportation	3,497,841	-	792,242	4,290,083
Culture and recreation	2,121	-	117,559	119,680
Utilities	86,427	-	-	86,427
<b>Capital Outlay</b>	189,665	-	8,549,696	8,739,361
<b>Debt Service:</b>				
Principal retirement	-	1,401,410	-	1,401,410
Interest and fiscal charges	-	1,056,536	-	1,056,536
<b>Total Expenditures</b>	<b>3,947,099</b>	<b>2,457,946</b>	<b>9,651,825</b>	<b>16,056,870</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,233,463</b>	<b>(1,841,933)</b>	<b>(2,435,432)</b>	<b>(3,043,902)</b>
<b>Other Financing Sources (Uses)</b>				
Insurance and claims	(1,698)	-	-	(1,698)
Transfers in	325,000	1,797,844	5,475,409	7,598,253
Transfers out	(966,083)	(12,312)	(1,377,406)	(2,355,801)
<b>Total Other Financing Sources (Uses)</b>	<b>(642,781)</b>	<b>1,785,532</b>	<b>4,098,003</b>	<b>5,240,754</b>
<b>Net Change in Fund Balances</b>	<b>590,682</b>	<b>(56,401)</b>	<b>1,662,571</b>	<b>2,196,852</b>
<b>Fund Balances Beginning of Year</b>	<b>4,115,705</b>	<b>1,404,172</b>	<b>5,761,397</b>	<b>11,281,274</b>
<b>Fund Balances End of Year</b>	<b>\$ 4,706,387</b>	<b>\$ 1,347,771</b>	<b>\$ 7,423,968</b>	<b>\$ 13,478,126</b>

**City of Lynnwood, Washington**  
**General Fund**  
**Comparative Balance Sheet**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,212,742	\$ 12,148,308
Investments	1,155,959	-
Receivables:		
Accounts	4,281,764	4,511,059
Property taxes	84,035	14,747
Sales taxes	3,961,483	3,788,389
Utility taxes	1,017,825	919,505
Other taxes	17,581	-
Intergovernmental	346,265	311,494
Interfund	1,645,000	2,500,000
Prepaid items	103,119	253,024
Restricted cash and investments	-	86,051
<b>Total Assets</b>	<u>\$ 25,825,773</u>	<u>\$ 24,532,577</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,223,350	\$ 1,526,362
Accrued salaries and wages payable	1,354,883	754,479
Intergovernmental payable	-	86,051
Custodial accounts payable	2,810	752
Other current liabilities payable	287,715	442,783
<b>Total Liabilities</b>	2,868,758	2,810,427
<b>Deferred Inflows of Resources</b>	<u>3,526,359</u>	<u>3,819,833</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,395,117</u>	<u>6,630,260</u>
<b>Fund Balances</b>		
Nonspendable	103,119	2,453,024
Restricted	-	86,803
Committed	5,814,864	5,847,864
Assigned	2,019,324	1,502,813
Unassigned	11,493,349	8,011,813
<b>Total Fund Balances</b>	<u>19,430,656</u>	<u>17,902,317</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 25,825,773</u>	<u>\$ 24,532,577</u>

**City of Lynnwood, Washington**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Property taxes	\$ 11,026,808	8,895,775
Sales taxes	19,223,331	18,263,866
Business taxes	6,922,723	6,312,066
Other taxes	3,787	3,865
Licenses and permits	4,626,104	3,564,056
Intergovernmental revenues	1,435,298	1,360,146
Charges for services	4,741,636	5,411,961
Fines and forfeitures	4,875,564	1,629,010
Investment earnings	(922)	15,428
Rents and concessions	298,638	288,783
Miscellaneous	316,723	145,610
<b>Total Revenues</b>	<b>53,469,690</b>	<b>45,890,566</b>
<b>Expenditures</b>		
<b>Current:</b>		
General government	8,767,275	9,902,578
Economic environment	2,931,068	2,996,776
Judicial	1,082,539	997,407
Natural environment	114,567	110,007
Culture and recreation	5,764,728	5,689,644
Public safety	28,095,742	26,172,035
Social services	460,061	417,515
Transportation	1,223,777	1,416,628
Utilities	-	251,333
<b>Debt service:</b>		
Interest	1,091	633
<b>Capital outlay</b>	<b>126,585</b>	<b>338,554</b>
<b>Total Expenditures</b>	<b>48,567,433</b>	<b>48,293,110</b>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	<b>4,902,257</b>	<b>(2,402,544)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	88,395	2,310,802
Transfers (out)	(3,462,313)	(3,526,654)
Insurance and claims	-	15
Proceeds from the disposition of capital assets	-	368,000
<b>Total Other Financing Sources (Uses)</b>	<b>(3,373,918)</b>	<b>(847,837)</b>
<b>Net Change in Fund Balances</b>	<b>1,528,339</b>	<b>(3,250,381)</b>
<b>Fund Balances Beginning of Year</b>	<b>17,902,317</b>	<b>21,152,698</b>
<b>Fund Balances End of Year</b>	<b>\$ 19,430,656</b>	<b>\$ 17,902,317</b>

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2015

	Convention Center	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Cumulative Park Reserve and Development
<b>Assets</b>						
Cash and cash equivalents	\$ 689,520	\$ 339,744	\$ 1,779,842	\$ 346,117	\$ 128,316	\$ 73,172
Investments	147,300	94,702	380,219	73,942	27,413	15,634
Receivables:						
Accounts	166,507	-	120,486	-	173,525	-
Taxes	91,275	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Restricted assets	-	103,545	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,094,602</u>	<u>\$ 537,991</u>	<u>\$ 2,280,547</u>	<u>\$ 420,059</u>	<u>\$ 329,254</u>	<u>\$ 88,806</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 171,957	\$ 1,290	\$ 2,991	\$ -	\$ 38,887	\$ -
Accrued salaries and wages payable	-	4,423	-	-	36,990	-
Other liabilities	-	-	-	-	958	-
Unearned revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	171,957	5,713	2,991	-	76,835	-
<b>Fund Balances</b>						
Committed	-	-	-	-	-	-
Restricted	922,645	532,278	2,277,556	420,059	252,419	88,806
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,094,602</u>	<u>\$ 537,991</u>	<u>\$ 2,280,547</u>	<u>\$ 420,059</u>	<u>\$ 329,254</u>	<u>\$ 88,806</u>

(continued)

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2015

(Continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	Tree Fund Reserve	Paths and Trials	Solid Waste	Transportation Benefit District	Total Nonmajor Special Revenue Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 16,820	\$ 12,954	\$ 56,940	\$ 1,085,475	\$ 46,537	\$ 23,590	\$ 4,599,027
Investments	3,596	2,769	-	-	-	-	745,575
Receivables:							
Accounts	-	-	-	-	-	44,194	504,712
Taxes	-	-	-	-	-	-	91,275
Intergovernmental	-	-	-	-	9,875	-	9,875
Restricted assets	-	-	-	-	-	-	103,545
<b>Total Assets</b>	<u>\$ 20,416</u>	<u>\$ 15,723</u>	<u>\$ 56,940</u>	<u>\$ 1,085,475</u>	<u>\$ 56,412</u>	<u>\$ 67,784</u>	<u>\$ 6,054,009</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 11,913	\$ 13,167	\$ 336	240,541
Accrued salaries and wages payable	-	-	-	-	-	-	41,413
Other liabilities	-	-	-	-	-	-	958
Unearned revenue	-	-	-	1,064,710	-	-	1,064,710
<b>Total Liabilities</b>	-	-	-	1,076,623	13,167	336	1,347,622
<b>Fund Balances</b>							
Committed	20,416	15,723	56,940	-	-	-	93,079
Restricted	-	-	-	8,852	43,245	67,448	4,613,308
<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,416</u>	<u>\$ 15,723</u>	<u>\$ 56,940</u>	<u>\$ 1,085,475</u>	<u>\$ 56,412</u>	<u>\$ 67,784</u>	<u>\$ 6,054,009</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, 2015**

	Convention Center	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Cumulative Park Reserve and Development
<b>Revenues</b>						
Taxes	\$ 827,053	\$ -	\$ 579,186	\$ -	\$ 987,975	\$ -
Intergovernmental	666,028	189,882	88,802	-	778,213	-
Charges for services	-	6,352	29,577	126,948	24,445	-
Licenses and permits	-	-	-	-	130,501	-
Fines and forfeitures	-	25,443	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	(35)	7,293	-	19,206
<b>Total Revenues</b>	<u>1,493,081</u>	<u>221,677</u>	<u>697,530</u>	<u>134,241</u>	<u>1,921,134</u>	<u>19,206</u>
<b>Expenditures</b>						
<b>Current:</b>						
Public safety	-	77,904	93,141	-	-	-
Transportation	1,322,267	-	-	-	2,101,069	60,799
Culture and recreation	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
<b>Capital Outlay</b>	-	53,035	25,340	-	-	-
<b>Total Expenditures</b>	<u>1,322,267</u>	<u>130,939</u>	<u>118,481</u>	<u>-</u>	<u>2,101,069</u>	<u>60,799</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>170,814</u>	<u>90,738</u>	<u>579,049</u>	<u>134,241</u>	<u>(179,935)</u>	<u>(41,593)</u>
<b>Other Financing Sources</b>						
Insurance and claims	-	-	-	-	(1,698)	-
Transfers in	-	-	-	-	325,000	-
Transfers out	-	-	-	(310,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,000)</u>	<u>323,302</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	170,814	90,738	579,049	(175,759)	143,367	(41,593)
<b>Fund Balances Beginning of Year</b>	751,831	441,540	1,698,507	595,818	109,052	130,399
<b>Fund Balances End of Year</b>	<u>\$ 922,645</u>	<u>\$ 532,278</u>	<u>\$ 2,277,556</u>	<u>\$ 420,059</u>	<u>\$ 252,419</u>	<u>\$ 88,806</u>

(continued)

City of Lynnwood, Washington  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended December 31, 2015

(Continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	EMS Property Tax Reserve	Tree Fund Reserve	Solid Waste	Paths and Trials	Transportation Benefit District	Total Nonmajor Special Revenue Funds
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548,511	\$ 2,942,725
Intergovernmental	-	-	-	-	23,240	111,290	-	1,857,455
Charges for services	-	-	-	-	-	-	-	187,322
Licenses and permits	-	-	-	10,024	-	-	-	140,525
Fines and forfeitures	-	-	-	-	-	-	-	25,443
Investment earnings	-	-	-	-	-	-	628	628
Miscellaneous	-	-	-	-	-	-	-	26,464
<b>Total Revenues</b>	-	-	-	10,024	23,240	111,290	549,139	5,180,562
<b>Expenditures</b>								
<b>Current:</b>								
Public safety	-	-	-	-	-	-	-	171,045
Transportation	-	-	-	13,706	-	-	-	3,497,841
Culture and recreation	2,121	-	-	-	-	-	-	2,121
Utilities	-	-	-	-	46,581	-	39,846	86,427
<b>Capital Outlay</b>	-	-	-	-	-	111,290	-	189,665
<b>Total Expenditures</b>	2,121	-	-	13,706	46,581	111,290	39,846	3,947,099
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,121)	-	-	(3,682)	(23,341)	-	509,293	1,233,463
<b>Other Financing Sources</b>								
Insurance and claims	-	-	-	-	-	-	-	(1,698)
Transfers in	-	-	-	-	-	-	-	325,000
Transfers out	-	-	(76,083)	(30,000)	-	-	(550,000)	(966,083)
<b>Total Other Financing Sources (Uses)</b>	-	-	(76,083)	(30,000)	-	-	(550,000)	(642,781)
<b>Net Change in Fund Balances</b>	(2,121)	-	(76,083)	(33,682)	(23,341)	-	(40,707)	590,682
<b>Fund Balances Beginning of Year</b>	22,537	15,723	76,083	90,622	66,586	8,852	108,155	4,115,705
<b>Fund Balances End of Year</b>	\$ 20,416	\$ 15,723	\$ -	\$ 56,940	\$ 43,245	\$ 8,852	\$ 67,448	\$ 4,706,387

**City of Lynnwood, Washington**  
**Convention Center Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 689,520	\$ 661,384
Investments	147,300	-
Receivables:		
Accounts	166,507	-
Taxes	<u>91,275</u>	<u>99,827</u>
<b>Total Assets</b>	<u>\$ 1,094,602</u>	<u>\$ 761,211</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 171,957	\$ 9,380
<b>Fund Balances</b>		
Restricted	<u>922,645</u>	<u>751,831</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,094,602</u>	<u>\$ 761,211</u>

**City of Lynnwood, Washington**  
**Convention Center Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Taxes	\$ 827,053	\$ 728,714
Intergovernmental	666,028	640,412
Charges for services	-	53
Investment earnings	-	691
<b>Total Revenues</b>	<u>1,493,081</u>	<u>1,369,870</u>
<b>Expenditures</b>		
<b>Current:</b>		
General government	<u>1,322,267</u>	<u>1,234,412</u>
<b>Excess of Revenues Over Expenditures</b>	170,814	135,458
<b>Other Financing Uses</b>		
Transfers out	<u>-</u>	<u>(77,555)</u>
<b>Net Change in Fund Balances</b>	170,814	57,903
<b>Fund Balances Beginning of Year</b>	<u>751,831</u>	<u>693,928</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 922,645</u></u>	<u><u>\$ 751,831</u></u>

**City of Lynnwood, Washington**  
**Convention Center Fund**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,358,700	\$ 1,358,700	\$ 827,053	\$ (531,647)
Intergovernmental	1,154,595	1,154,595	666,028	(488,567)
Investment earnings	2,010	2,010	-	(2,010)
<b>Total Revenues</b>	2,515,305	2,515,305	1,493,081	(1,022,224)
<b>Expenditures</b>				
<b>Current:</b>				
General Government	2,552,595	2,552,595	1,322,267	1,230,328
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(37,290)	(37,290)	170,814	208,104
<b>Other Financing Uses</b>				
Transfers out	(199,462)	(199,462)	-	199,462
<b>Net Change in Fund Balances</b>	<u>\$ (236,752)</u>	<u>\$ (236,752)</u>	170,814	<u>\$ 407,566</u>
<b>Fund Balances Beginning of Year</b>			<u>751,831</u>	
<b>Fund Balances End of Year</b>			<u>\$ 922,645</u>	

**City of Lynnwood, Washington**  
**Drug Enforcement Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 339,744	\$ 338,819
Investments	94,702	
Accounts receivable	-	17,000
Restricted cash and investments	<u>103,545</u>	<u>86,546</u>
<b>Total Assets</b>	<u>\$ 537,991</u>	<u>\$ 442,365</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,290	\$ 825
Wages payable	<u>4,423</u>	<u>-</u>
<b>Total Liabilities</b>	5,713	825
<b>Fund Balances</b>		
Restricted	<u>532,278</u>	<u>441,540</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 537,991</u>	<u>\$ 442,365</u>

**City of Lynnwood, Washington**  
**Drug Enforcement Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental revenue	\$ 189,882	\$ 17,000
Charges for Services	6,352	-
Fines and forfeitures	25,443	41,184
Investment earnings	-	456
<b>Total Revenues</b>	<b>221,677</b>	<b>58,640</b>
<b>Expenditures</b>		
<b>Current:</b>		
Public safety	77,904	63,501
<b>Capital Outlay</b>	<b>53,035</b>	<b>-</b>
<b>Total Expenditures</b>	<b>130,939</b>	<b>63,501</b>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	<b>90,738</b>	<b>(4,861)</b>
<b>Other Financing Sources (Uses)</b>		
Proceeds from disposition of capital assets	-	225
Transfers out	-	(50,255)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(50,030)</b>
<b>Net Changes in Fund Balances</b>	<b>90,738</b>	<b>(54,891)</b>
<b>Fund Balances Beginning of Year</b>	<b>441,540</b>	<b>496,431</b>
<b>Fund Balances End of Year</b>	<b>\$ 532,278</b>	<b>\$ 441,540</b>

**City of Lynnwood, Washington**  
**Drug Enforcement Fund**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2015*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 189,882	\$ 189,882
Charges for Services	-	-	6,352	6,352
Fines and forfeitures	65,000	65,000	25,443	(39,557)
<b>Total Revenues</b>	<u>65,000</u>	<u>65,000</u>	<u>221,677</u>	<u>156,677</u>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and recreation	305,370	325,370	77,904	247,466
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>53,035</u>	<u>(53,035)</u>
<b>Total Expenditures</b>	<u>305,370</u>	<u>325,370</u>	<u>130,939</u>	<u>194,431</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(240,370)	(260,370)	90,738	351,108
<b>Other Financing Uses</b>				
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	-	120,000
<b>Net Change in Fund Balances</b>	<u>\$ (360,370)</u>	<u>\$ (380,370)</u>	90,738	<u>\$ 471,108</u>
<b>Fund Balances Beginning of Year</b>			<u>441,540</u>	
<b>Fund Balances End of Year</b>			<u>\$ 532,278</u>	

**City of Lynnwood, Washington**  
***Criminal Justice Reserve Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,779,842	\$ 1,561,134
Investments	380,219	
Accounts receivable	<u>120,486</u>	<u>137,658</u>
<b>Total Assets</b>	<u>\$ 2,280,547</u>	<u>\$ 1,698,792</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Wages payable	\$ 2,991	\$ 285
<b>Fund Balances</b>		
Restricted	<u>2,277,556</u>	<u>1,698,507</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,280,547</u>	<u>\$ 1,698,792</u>

**City of Lynnwood, Washington**  
**Criminal Justice Reserve Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Taxes	\$ 579,186	\$ 549,861
Intergovernmental	88,802	124,360
Charges for services	29,577	34,881
Investment earnings	-	1,273
Miscellaneous	(35)	1,109
<b>Total Revenues</b>	<b>697,530</b>	<b>711,484</b>
<b>Expenditures</b>		
<b>Current:</b>		
Public safety	93,141	40,007
Capital Outlay	25,340	26,302
<b>Total Expenditures</b>	<b>118,481</b>	<b>66,309</b>
<b>Excess of Revenues Over Expenditures</b>	<b>579,049</b>	<b>645,175</b>
<b>Other Financing Sources</b>		
Proceeds from disposition of capital assets	-	2,001
<b>Net Change in Fund Balances</b>	<b>579,049</b>	<b>647,176</b>
<b>Fund Balances Beginning of Year</b>	<b>1,698,507</b>	<b>1,051,331</b>
<b>Fund Balances End of Year</b>	<b>\$ 2,277,556</b>	<b>\$ 1,698,507</b>

**City of Lynnwood, Washington**  
***Criminal Justice Reserve***  
***Schedule of Revenues, Expenditures and***  
***Changes in Fund Balances - Budget and Actual***  
***For the Year Ended December 31, 2015***

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 1,025,415	\$ 1,025,415	\$ 579,186	\$ 446,229
Intergovernmental	107,000	107,000	88,802	18,198
Charges for services	54,000	54,000	29,577	24,423
Miscellaneous	10,000	-	(35)	35
<b>Total Revenues</b>	<u>1,196,415</u>	<u>1,186,415</u>	<u>697,530</u>	<u>488,885</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	250,400	250,400	93,141	157,259
<b>Capital Outlay</b>	<u>120,000</u>	<u>120,000</u>	<u>25,340</u>	<u>94,660</u>
<b>Total Expenditures</b>	<u>370,400</u>	<u>370,400</u>	<u>118,481</u>	<u>251,919</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 826,015</u>	<u>\$ 816,015</u>	579,049	<u>\$ 236,966</u>
<b>Fund Balances Beginning of Year</b>			<u>1,698,507</u>	
<b>Fund Balances End of Year</b>			<u>\$ 2,277,556</u>	

**City of Lynnwood, Washington**  
***Transportation Impact Fees Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 346,117	\$ 595,818
Investments	73,942	-
<b>Total Assets</b>	<u>\$ 420,059</u>	<u>\$ 595,818</u>
<b>Fund Balances</b>		
Restricted	<u>\$ 420,059</u>	<u>\$ 595,818</u>

**City of Lynnwood, Washington**  
**Transportation Impact Fees Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Charges for services	\$ 126,948	\$ 596,419
Investment earnings	-	653
Miscellaneous	7,293	9,266
<b>Total Revenues</b>	134,241	606,338
<b>Other Financing Uses</b>		
Transfers out	(310,000)	(533,849)
<b>Net Change in Fund Balances</b>	(175,759)	72,489
<b>Fund Balances Beginning of Year</b>	\$ 595,818	523,329
<b>Fund Balances End of Year</b>	\$ 420,059	\$ 595,818

**City of Lynnwood, Washington**  
**Transportation Impact Fees**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 884,500	\$ 884,500	\$ 126,948	\$ (757,552)
Miscellaneous	-	-	7,293	7,293
<b>Total Revenues</b>	884,500	884,500	134,241	(750,259)
<b>Other Financing (Uses)</b>				
Transfers out	(100,000)	(969,591)	(310,000)	659,591
<b>Net Change in Fund Balances</b>	<u>\$ 784,500</u>	<u>\$ (85,091)</u>	(175,759)	<u>(90,668)</u>
<b>Fund Balances Beginning of Year</b>			<u>595,818</u>	
<b>Fund Balances End of Year</b>			<u>\$ 420,059</u>	

**City of Lynnwood, Washington**  
**Street Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 128,316	\$ 2,508
Investments	27,413	-
Accounts receivable	173,525	168,716
<b>Total Assets</b>	<u>\$ 329,254</u>	<u>\$ 171,224</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 38,887	\$ 31,302
Wages payable	36,990	19,912
Interfund payable	-	10,000
Other liabilities	958	958
<b>Total Liabilities</b>	76,835	62,172
<b>Fund Balances</b>		
Restricted	252,419	109,052
<b>Total Liabilities and Fund Balances</b>	<u>\$ 329,254</u>	<u>\$ 171,224</u>

**City of Lynnwood, Washington**  
**Street Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Taxes	\$ 987,975	\$ 576,341
Licenses and permits	130,501	132,536
Intergovernmental	778,213	824,127
Charges for Services	24,445	-
Investment earnings	-	68
<b>Total Revenues</b>	<b>1,921,134</b>	<b>1,533,072</b>
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	2,101,069	1,704,107
Capital Outlay	-	5,270
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(179,935)</b>	<b>(176,305)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	325,000	-
Insurance and claims	(1,698)	2,244
Proceeds from the disposition of capital assets	-	382
<b>Other Financing Sources (Uses)</b>	<b>323,302</b>	<b>2,626</b>
<b>Net Change in Fund Balances</b>	<b>143,367</b>	<b>(173,679)</b>
<b>Fund Balances Beginning of Year</b>	<b>109,052</b>	<b>282,731</b>
<b>Fund Balances End of Year</b>	<b>\$ 252,419</b>	<b>\$ 109,052</b>

**City of Lynnwood, Washington**  
**Street Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 987,975	\$ (12,025)
Licenses and permits	244,000	244,000	130,501	(113,499)
Intergovernmental	1,459,560	1,459,560	778,213	(681,347)
Charges for Services	-	-	24,445	24,445
<b>Total Revenues</b>	<u>2,703,560</u>	<u>2,703,560</u>	1,921,134	(782,426)
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	-	-	2,101,069	(2,101,069)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,703,560</u>	<u>2,703,560</u>	(179,935)	(2,883,495)
<b>Other Financing sources (Uses)</b>				
Transfers in	545,720	545,720	325,000	(220,720)
Insurance and claims	-	-	(1,698)	(1,698)
Proceeds from the disposition of capital assets	545,720	545,720	-	(545,720)
<b>Other Financing Sources (Uses)</b>	<u>1,091,440</u>	<u>1,091,440</u>	323,302	(768,138)
<b>Net Change in Fund Balances</b>	<u>\$ 3,795,000</u>	<u>\$ 3,795,000</u>	143,367	<u>\$ (3,651,633)</u>
<b>Fund Balances Beginning of Year</b>			<u>109,052</u>	
<b>Fund Balances End of Year</b>			<u>\$ 252,419</u>	

**City of Lynnwood, Washington**  
**Arterial Street Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	\$ -	\$ 49
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>49</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
*Cumulative Park Reserve and Development Fund*  
*Comparative Balance Sheet*  
*For the Years Ended December 31, 2015 and 2014*

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 73,172	\$ 130,399
Investments	15,634	-
<b>Total Assets</b>	<u>\$ 88,806</u>	<u>\$ 130,399</u>
<b>Fund Balances</b>		
Restricted	<u>\$ 88,806</u>	<u>\$ 130,399</u>

**City of Lynnwood, Washington**  
***Cumulative Park Reserve and Development Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Investment earnings	\$ -	\$ 128
Miscellaneous	19,206	9,341
<b>Total Revenues</b>	19,206	9,469
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	60,799	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(41,593)	9,469
<b>Fund Balances Beginning of Year</b>	130,399	120,930
<b>Fund Balances End of Year</b>	\$ 88,806	\$ 130,399

**City of Lynnwood, Washington**  
***Cumulative Park Reserve and Development Fund***  
***Schedule of Revenues, Expenditures and***  
***Changes in Fund Balances - Budget and Actual***  
***For the Year Ended December 31, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 19,206	\$ (20,794)
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	<u>43,000</u>	<u>81,000</u>	<u>60,799</u>	<u>20,201</u>
<b>(Deficiency) of Revenue (Under) Expenditures</b>	<u>\$ (3,000)</u>	<u>\$ (41,000)</u>	(41,593)	<u>\$ (593)</u>
<b>Fund Balances Beginning of Year</b>			<u>130,399</u>	
<b>Fund Balances End of Year</b>			<u>\$ 88,806</u>	

**City of Lynnwood, Washington**  
***Cumulative Art Reserve Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 16,820	\$ 26,531
Investments	3,596	-
<b>Total Assets</b>	<u>\$ 20,416</u>	<u>\$ 26,531</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 3,994
<b>Fund Balances</b>		
Committed	<u>20,416</u>	<u>22,537</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 20,416</u>	<u>\$ 26,531</u>

**City of Lynnwood, Washington**  
***Cumulative Art Reserve Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Investment earnings	\$ -	\$ 26
<b>Expenditures</b>		
<b>Current:</b>		
Culture and Recreation	<u>2,121</u>	<u>3,994</u>
<b>(Deficiency) of Revenues</b>		
<b>(Under) Expenditures</b>	(2,121)	(3,968)
<b>Fund Balances Beginning of Year</b>	<u>22,537</u>	<u>26,505</u>
<b>Fund Balances End of Year</b>	<u>\$ 20,416</u>	<u>\$ 22,537</u>

**City of Lynnwood, Washington**  
***Cumulative Art Reserve Fund***  
***Schedule of Revenues, Expenditures and***  
***Changes in Fund Balances - Budget and Actual***  
***For the Year Ended December 31, 2015***

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and Recreation	\$ 8,000	\$ 8,000	\$ 2,121	\$ 5,879
<b>Fund Balances Beginning of Year</b>			22,537	
<b>Fund Balances End of Year</b>			\$ 22,537	

**City of Lynnwood, Washington**  
***Cumulative Aid Car Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 12,954	\$ 15,723
Investments	<u>2,769</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 15,723</u>	<u>\$ 15,723</u>
 <b>Fund Balances</b>		
Committed	<u>\$ 15,723</u>	<u>\$ 15,723</u>

**City of Lynnwood, Washington**  
***Cumulative Aid Car Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Investment earnings	\$ -	\$ 16
Miscellaneous	-	300
<b>Total Revenues</b>	-	316
<b>Fund Balances Beginning of Year</b>	<u>15,723</u>	<u>15,407</u>
<b>Fund Balances End of Year</b>	<u>\$ 15,723</u>	<u>\$ 15,723</u>

**City of Lynnwood, Washington**  
**EMS Property Tax Reserve Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 110,627
Receivables:		
Accounts	-	3,258
Intergovernmental	-	14,898
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 128,783</u>
<b>Deferred Inflows of Resources</b>		
Unavailable property taxes	\$ -	\$ 52,700
<b>Fund Balances</b>		
Restricted	-	76,083
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u>\$ -</u>	<u>\$ 128,783</u>

**City of Lynnwood, Washington**  
**EMS Property Tax Reserve Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Taxes	\$ -	\$ 2,082,503
Investment earnings		302
Miscellaneous	-	-
<b>Total Revenues</b>	-	2,082,805
<b>Expenditures</b>		
<b>Current:</b>		
Public safety	-	13,263
<b>Excess of Revenues Over Expenditures</b>	-	2,069,542
<b>Other Financing Uses</b>		
Transfers out	(76,083)	(2,182,993)
<b>Net Change in Fund Balances</b>	(76,083)	(113,451)
<b>Fund Balances Beginning of Year</b>	76,083	189,534
<b>Fund Balances End of Year</b>	\$ -	\$ 76,083

**City of Lynnwood, Washington**  
**EMS Property Tax Reserve Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	\$ -	\$ -	\$ 76,083	\$ (76,083)
<b>Fund Balances Beginning of Year</b>			76,083	
<b>Fund Balances End of Year</b>			\$ -	

**City of Lynnwood, Washington**  
*Tree Fund Reserve*  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 56,940	\$ 90,622
<b>Fund Balances</b>		
Committed	\$ 56,940	\$ 90,622

**City of Lynnwood, Washington**  
**Tree Fund Reserve**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Licenses and permits	\$ 10,024	\$ 37,379
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	<u>13,706</u>	<u>19,569</u>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	(3,682)	17,810
<b>Other Financing Uses</b>		
Transfers out	<u>(30,000)</u>	<u>(45,485)</u>
<b>Net Change in Fund Balances</b>	(33,682)	(27,675)
<b>Fund Balances Beginning of Year</b>	<u>90,622</u>	<u>118,297</u>
<b>Fund Balances End of Year</b>	<u>\$ 56,940</u>	<u>\$ 90,622</u>

**City of Lynnwood, Washington**  
***Paths and Trails Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,085,475	\$ 479,471
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 11,913	\$ 619
Unearned revenue	1,064,710	470,000
<b>Total Liabilities</b>	1,076,623	470,619
<b>Fund Balances</b>		
Restricted	8,852	8,852
<b>Total Liabilities and Fund Balances</b>	\$ 1,085,475	\$ 479,471

**City of Lynnwood, Washington**  
***Paths and Trails Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>Restated 2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 111,290	\$ -
<b>Expenditures</b>		
<b>Capital Outlay</b>	<u>111,290</u>	<u>620</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(620)
<b>Fund Balances Beginning of Year, As Restated</b>	<u>8,852</u>	<u>9,472</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 8,852</u></u>	<u><u>\$ 8,852</u></u>

**City of Lynnwood, Washington**  
***Solid Waste Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 46,537	\$ 68,176
Receivables		
Accounts	-	4,772
Intergovernmental	9,875	-
<b>Total Assets</b>	<u>\$ 56,412</u>	<u>\$ 72,948</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 13,167	\$ 6,362
<b>Fund Balances</b>		
Restricted	43,245	66,586
<b>Total Liabilities and Fund Balances</b>	<u>\$ 56,412</u>	<u>\$ 72,948</u>

**City of Lynnwood, Washington**  
***Solid Waste Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 23,240	\$ 22,691
<b>Expenditures</b>		
<b>Current</b>		
Utilities	<u>46,581</u>	<u>43,650</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(23,341)	(20,959)
<b>Fund Balances Beginning of Year</b>	<u>66,586</u>	<u>87,545</u>
<b>Fund Balances End of Year</b>	<u>\$ 43,245</u>	<u>\$ 66,586</u>

**City of Lynnwood, Washington**  
***Solid Waste Fund***  
***Schedule of Revenues, Expenditures and***  
***Changes in Fund Balances - Budget and Actual***  
***For the Year Ended December 31, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 39,200	\$ 39,200	\$ 23,240	\$ (15,960)
<b>Expenditures</b>				
<b>Current:</b>				
Utilities	<u>90,000</u>	<u>90,000</u>	<u>46,581</u>	<u>43,419</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(50,800)	(50,800)	(23,341)	27,459
<b>Net Change in Fund Balances</b>	<u>\$ (50,800)</u>	<u>\$ (50,800)</u>	(23,341)	<u>\$ 27,459</u>
<b>Fund Balances Beginning of Year</b>			<u>66,586</u>	
<b>Fund Balances End of Year</b>			<u>\$ 43,245</u>	

**City of Lynnwood, Washington**  
***Transportation Benefit District Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 23,590	\$ 68,176
Accounts receivables	<u>44,194</u>	<u>4,772</u>
<b>Total Assets</b>	<u>\$ 67,784</u>	<u>\$ 72,948</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 336	\$ 6,362
<b>Fund Balances</b>		
Restricted	<u>67,448</u>	<u>108,155</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 67,784</u>	<u>\$ 114,517</u>

**City of Lynnwood, Washington**  
**Transportation Benefit District Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Taxes	\$ 548,511	\$ 522,288
Investment earnings	628	932
<b>Total Revenues</b>	549,139	523,220
<b>Expenditures</b>		
<b>Current</b>		
Utilities	39,846	104,519
<b>Excess of Revenues Over Expenditures</b>	509,293	418,701
<b>Other Financing Uses</b>		
Transfers out	(550,000)	(1,000,000)
<b>Net Change in Fund Balances</b>	(40,707)	(581,299)
<b>Fund Balances Beginning of Year</b>	108,155	689,454
<b>Fund Balances End of Year</b>	<u>\$ 67,448</u>	<u>\$ 108,155</u>

**City of Lynnwood, Washington**  
**Transportation Benefit District Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 551,000	\$ 551,000	\$ 548,511	\$ (2,489)
Investment earnings	100	100	628	528
<b>Total Revenues</b>	551,100	551,100	549,139	(1,961)
<b>Expenditures</b>				
<b>Current:</b>				
Utilities	52,654	52,654	39,846	12,808
<b>Excess of Revenues Over Expenditures</b>	498,446	498,446	509,293	10,847
<b>Other Financing (Uses)</b>				
Transfers out	(550,000)	(550,000)	(550,000)	-
<b>Net Changes in Fund Balances</b>	<u>\$ (51,554)</u>	<u>\$ (51,554)</u>	(40,707)	<u>\$ 10,847</u>
<b>Fund Balances Beginning of Year</b>			<u>108,155</u>	
<b>Fund Balances End of Year</b>			<u>\$ 67,448</u>	

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 For the Year Ended December 31, 2015

	2001 LTGO Refunding Bonds	2009 LTGO Refunding Bonds	800 MHZ	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	65th Avenue Sewers LID 97-01	LID 93-1 I-5 & 196th Project	Total Nonmajor Debt Service Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 15,292	\$ 28,400	\$ 10,638	\$ 109,780	\$ 416,009	\$ 53,665	\$ 70,899	\$ 704,683
Investments	-	-	-	-	88,872	-	-	88,872
Accounts receivable	-	-	-	-	-	-	1,868,096	1,868,096
<b>Total Assets</b>	<u>\$ 15,292</u>	<u>\$ 28,400</u>	<u>\$ 10,638</u>	<u>\$ 109,780</u>	<u>\$ 504,881</u>	<u>\$ 53,665</u>	<u>\$ 1,938,995</u>	<u>\$ 2,661,651</u>
<b>Deferred Inflows and Fund Balances</b>								-
<b>Deferred Inflows - Special Assessments</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,313,880	\$ 1,313,880
<b>Fund Balances</b>								
Restricted	15,292	28,400	10,638	109,780	504,881	53,665	625,115	1,347,771
<b>Total Deferred Inflows and Fund Balances</b>	<u>\$ 15,292</u>	<u>\$ 28,400</u>	<u>\$ 10,638</u>	<u>\$ 109,780</u>	<u>\$ 504,881</u>	<u>\$ 53,665</u>	<u>\$ 1,938,995</u>	<u>\$ 2,661,651</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, 2015

	2001 LTGO Refunding Bonds	2009 LTGO Refunding Bonds	800 MHZ	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	65th Avenue Sewers LID 97-01	LID 93-1 I-5 & 196th Project	Total Nonmajor Debt Service Funds
<b>Revenues</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,383	6,383
Other interest	-	-	-	-	-	-	108,449	108,449
Special assessments	-	-	-	-	-	-	501,181	501,181
Intergovernmental	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	-	-	-	-	-	-	616,013	616,013
<b>Debt Service:</b>								
Principal retirement	-	310,000	101,410	425,000	-	-	565,000	1,401,410
Interest and fiscal charges	-	36,650	28,353	885,113	-	-	106,420	1,056,536
<b>Total Expenditures</b>	-	346,650	129,763	1,310,113	-	-	671,420	2,457,946
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(346,650)	(129,763)	(1,310,113)	-	-	(55,407)	(1,841,933)
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	346,162	140,965	1,310,717	-	-	-	1,797,844
Transfers out	-	-	(12,312)	-	-	-	-	(12,312)
<b>Total Other Financing Sources (Uses)</b>	-	346,162	128,653	1,310,717	-	-	-	1,785,532
<b>Net Change in Fund Balances</b>	-	(488)	(1,110)	604	-	-	(55,407)	(56,401)
<b>Fund Balances Beginning of Year</b>	15,292	28,888	11,748	109,176	504,881	53,665	680,522	1,404,172
<b>Fund Balances End of Year</b>	<u>\$ 15,292</u>	<u>\$ 28,400</u>	<u>\$ 10,638</u>	<u>\$ 109,780</u>	<u>\$ 504,881</u>	<u>\$ 53,665</u>	<u>\$ 625,115</u>	<u>\$ 1,347,771</u>

**City of Lynnwood, Washington**  
**2001 LTGO Refunding Bonds Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$ 15,292</u>	<u>\$ 15,292</u>
<b>Fund Balances</b>		
Restricted for debt service	<u>\$ 15,292</u>	<u>\$ 15,292</u>

**City of Lynnwood, Washington**  
**2001 LTGO Refunding Bonds Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Net Change in Fund Balances</b>	\$ -	\$ -
<b>Fund Balances Beginning of Year</b>	15,292	15,292
<b>Fund Balances End of Year</b>	\$ 15,292	\$ 15,292

**City of Lynnwood, Washington**  
**2009 LTGO Refunding Bonds**  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 28,400	\$ 28,888
<b>Fund Balances</b>		
Restricted for debt service	\$ 28,400	\$ 28,888

**City of Lynnwood, Washington**  
**2009 LTGO Refunding Bonds**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 310,000	\$ 290,000
Interest and fiscal charges	36,650	46,800
<b>Total Expenditures</b>	346,650	336,800
<b>Other Financing Sources</b>		
Transfers in	346,162	337,621
<b>Net Change in Fund Balances</b>	(488)	821
<b>Fund Balances Beginning of Year</b>	28,888	28,067
<b>Fund Balances End of Year</b>	<u>\$ 28,400</u>	<u>\$ 28,888</u>

**City of Lynnwood, Washington**  
**2009 LTGO Refunding Bonds**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	625,000	625,000	310,000	315,000
Interest	62,450	62,450	36,650	25,800
<b>Excess (Deficiency) of Revenues   Over (Under) Expenditures</b>	(687,450)	(687,450)	(346,650)	(340,800)
<b>Other Financing Sources</b>				
Transfers in	687,450	687,450	346,162	341,288
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(488)	<u>\$ 488</u>
<b>Fund Balances Beginning of Year</b>			28,888	
<b>Fund Balances End of Year</b>			<u>\$ 28,400</u>	

**City of Lynnwood, Washington**  
**800 MHZ Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 10,638	\$ 11,748
<b>Fund Balances</b>		
Restricted for debt service	\$ 10,638	\$ 11,748

**City of Lynnwood, Washington**  
**800 MHZ Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 101,410	\$ 107,925
Interest and fiscal charges	28,353	33,670
<b>Total Expenditures</b>	<u>129,763</u>	<u>141,595</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	140,965	137,834
Transfers out	<u>(12,312)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>128,653</u>	<u>137,834</u>
<b>Net Change in Fund Balances</b>	(1,110)	(3,761)
<b>Fund Balances Beginning of Year</b>	<u>11,748</u>	<u>15,509</u>
<b>Fund Balances End of Year</b>	<u>\$ 10,638</u>	<u>\$ 11,748</u>

**City of Lynnwood, Washington**  
**800 MHZ Fund**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	230,877	230,877	101,410	129,467
Interest	50,909	50,909	28,353	22,556
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(281,786)	(281,786)	(129,763)	(152,023)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(12,312)	12,312
Transfers in	281,786	281,786	140,965	140,821
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(1,110)	<u>\$ 1,110</u>
<b>Fund Balances Beginning of Year</b>			<u>11,748</u>	
<b>Fund Balances End of Year</b>			<u>\$ 10,638</u>	

**City of Lynnwood, Washington**  
*Recreation Center 2012 LTGO Bonds*  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 109,780	\$ 109,176
<b>Fund Balances</b>		
Restricted for debt service	\$ 109,780	\$ 109,176

**City of Lynnwood, Washington**  
***Recreation Center 2012 LTGO Bonds***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 425,000	\$ 425,000
Interest and fiscal charges	885,113	893,612
<b>Total Expenditures</b>	1,310,113	1,318,612
<b>Other Financing Sources</b>		
Transfers in	1,310,717	1,321,096
<b>Net Change in Fund Balances</b>	604	2,484
<b>Fund Balances Beginning of Year</b>	109,176	106,692
<b>Fund Balances End of Year</b>	<u>\$ 109,780</u>	<u>\$ 109,176</u>

**City of Lynnwood, Washington**  
**Recreation Center 2012 LTGO Bonds**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	870,000	870,000	425,000	445,000
Interest	1,757,478	1,757,478	885,113	872,365
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,627,478)	(2,627,478)	(1,310,113)	(1,317,365)
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,627,478	2,627,478	1,310,717	1,316,761
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	604	<u>\$ (604)</u>
<b>Fund Balances Beginning of Year</b>			<u>109,176</u>	
<b>Fund Balances End of Year</b>			<u>\$ 109,780</u>	

**City of Lynnwood, Washington**  
**Local Improvement Guaranty Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 416,009	\$ 504,881
Investments	88,872	-
Receivables:		
Accounts	-	-
Property taxes	-	-
<b>Total Assets</b>	<u>\$ 504,881</u>	<u>\$ 504,881</u>
<b>Deferred Inflows and Fund Balances</b>		
<b>Deferred Inflows - Property Taxes</b>	\$ -	\$ -
<b>Fund Balances</b>		
Restricted for debt service	<u>504,881</u>	<u>504,881</u>
<b>Total Deferred Inflows and Fund Balances</b>	<u>\$ 504,881</u>	<u>\$ 504,881</u>

**City of Lynnwood, Washington**  
**Local Improvement Guaranty Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Investment earnings	\$ -	\$ 504
<b>Fund Balances Beginning of Year</b>	<u>504,881</u>	<u>504,377</u>
<b>Fund Balances End of Year</b>	<u>\$ 504,881</u>	<u>\$ 504,881</u>

**City of Lynnwood, Washington**  
**65th Ave Sewers LID 97-01**  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2015 and 2014*

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 53,665	\$ 53,665
<b>Fund Balances</b>		
Restricted for debt service	\$ 53,665	\$ 53,665

**City of Lynnwood, Washington**  
**65th Ave Sewers LID 97-01**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Net Change in Fund Balances</b>	-	-
<b>Fund Balances Beginning of Year</b>	53,665	53,665
<b>Fund Balances End of Year</b>	\$ 53,665	\$ 53,665

**City of Lynnwood, Washington**  
**LID93-1 I-5 and 196th Project**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 70,899	\$ -
Restricted cash and investments	-	80,949
Receivables:		
Accounts	1,868,096	2,414,633
Property taxes	-	-
<b>Total Assets</b>	<u>\$ 1,938,995</u>	<u>\$ 2,495,582</u>
<b>Deferred Inflows and Fund Balances</b>		
<b>Deferred Inflows - Special Assessments</b>	\$ 1,313,880	\$ 1,815,060
<b>Fund Balances</b>		
Restricted for debt service	<u>625,115</u>	<u>680,522</u>
<b>Total Deferred Inflows and Fund Balances</b>	<u>\$ 1,938,995</u>	<u>\$ 2,495,582</u>

**City of Lynnwood, Washington**  
**LID93-1 I-5 and 196th Project**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Charges for services	\$ 6,383	\$ 7,093
Other interest	108,449	139,798
Special assessments	501,181	477,574
<b>Total Revenues</b>	<b>616,013</b>	<b>624,465</b>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 565,000	\$ 455,000
Interest and fiscal charges	106,420	134,938
<b>Total Expenditures</b>	<b>671,420</b>	<b>589,938</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(55,407)</b>	<b>34,527</b>
<b>Fund Balances Beginning of Year</b>	<b>680,522</b>	<b>645,995</b>
<b>Fund Balances End of Year</b>	<b>\$ 625,115</b>	<b>\$ 680,522</b>

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 For the Year Ended December 31, 2015

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	196th Improvements	36th/35th Avenue West
<b>Assets</b>						
Cash and cash equivalents	\$ 160,000	\$ 95,180	\$ 142,148	\$ 807,121	\$ 707,335	\$ 72,372
Investments	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	41,650	-	-
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	16,562	58,220
<b>Total Assets</b>	<u>\$ 160,000</u>	<u>\$ 95,180</u>	<u>\$ 142,148</u>	<u>\$ 848,771</u>	<u>\$ 723,897</u>	<u>\$ 130,592</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 19,299	\$ 7,463	\$ 37,690
Other current liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	-	-	-	19,299	7,463	37,690
<b>Fund Balances</b>						
Committed	-	-	-	-	-	-
Restricted	160,000	95,180	142,148	829,472	716,434	92,902
<b>Total Liabilities and Fund Balances</b>	<u>\$ 160,000</u>	<u>\$ 95,180</u>	<u>\$ 142,148</u>	<u>\$ 868,070</u>	<u>\$ 731,360</u>	<u>\$ 130,592</u>

(Continued)

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 For the Year Ended December 31, 2015

	204th/SR99- 68 Avenue West	Park Acquisition and Development	Popular Way Bridge Extension	Real Estate Excess Tax 2	Real Estate Excess Tax 1	Hardware Software Upgrade
<b>Assets</b>						
Cash and cash equivalents	\$ 406,848	\$ 162,187	\$ 150,575	\$ 920,645	\$ 785,136	\$ 247,807
Investments	-	-	-	196,674	167,726	-
Receivables:						
Accounts	24,250	-	-	-	-	-
Taxes	-	-	-	82,927	82,927	-
Intergovernmental	86,075	-	209,696	-	-	-
<b>Total Assets</b>	<b>\$ 517,173</b>	<b>\$ 162,187</b>	<b>\$ 360,271</b>	<b>\$ 1,200,246</b>	<b>\$ 1,035,789</b>	<b>\$ 247,807</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 11,580	\$ -	\$ 82,982	\$ -	\$ -	\$ 1,200
Other current liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>11,580</b>	<b>-</b>	<b>82,982</b>	<b>-</b>	<b>-</b>	<b>1,200</b>
<b>Fund Balances</b>						
Committed	-	-	-	-	-	246,607
Restricted	505,593	162,187	277,289	1,200,246	1,035,789	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 517,173</b>	<b>\$ 162,187</b>	<b>\$ 360,271</b>	<b>\$ 1,200,246</b>	<b>\$ 1,035,789</b>	<b>\$ 247,807</b>

(Continued)

City of Lynnwood, Washington  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 For the Year Ended December 31, 2015

(Continued)

	Capital Development Plan	Justice Center Improvement	Interurban Trail	Citywide Safety Project	33RD Avenue Extension	Nonmajor Capital Projects Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 641,584	\$ 109,830	\$ 686,700	\$ 222,534	\$ 447,749	6,765,751
Investments	-	-	-	-	-	364,400
Receivables:						
Accounts	-	-	-	-	1,749	67,649
Taxes	-	-	-	-	-	165,854
Intergovernmental	-	-	-	45,310	-	415,863
<b>Total Assets</b>	<u>\$ 641,584</u>	<u>\$ 109,830</u>	<u>\$ 686,700</u>	<u>\$ 267,844</u>	<u>\$ 449,498</u>	<u>\$ 7,779,517</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 31,057	\$ 5,727	\$ -	196,998
Other current liabilities	-	-	-	-	158,551	158,551
<b>Total Liabilities</b>	-	-	31,057	5,727	158,551	355,549
<b>Fund Balances</b>						
Committed	-	-	-	-	-	246,607
Restricted	641,584	109,830	655,643	262,117	290,947	7,177,361
<b>Total Liabilities and Fund Balances</b>	<u>\$ 641,584</u>	<u>\$ 109,830</u>	<u>\$ 686,700</u>	<u>\$ 267,844</u>	<u>\$ 449,498</u>	<u>\$ 7,779,517</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, 2015

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	Sidewalks/Ped Improvements	196th Improvements
<b>Revenues</b>						
Intergovernmental	\$ -	\$ 7,091	\$ -	\$ 396	\$ 570	\$ 81,911
Charges for services						
Taxes	-	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>7,091</u>	<u>-</u>	<u>396</u>	<u>570</u>	<u>81,911</u>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	-
Transportation	-	-	7,852	72,733	-	16,040
Culture and recreation	-	-	-	-	570	-
<b>Capital Outlay</b>	<u>-</u>	<u>10,776</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>75,673</u>
<b>Total Expenditures</b>	<u>-</u>	<u>10,776</u>	<u>7,852</u>	<u>72,733</u>	<u>(24,430)</u>	<u>91,713</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(3,685)</u>	<u>(7,852)</u>	<u>(72,337)</u>	<u>25,000</u>	<u>(9,802)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	160,000	-	150,000	400,000	117,277	538,525
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>160,000</u>	<u>-</u>	<u>150,000</u>	<u>400,000</u>	<u>117,277</u>	<u>538,525</u>
<b>Net Change in Fund Balance</b>	160,000	(3,685)	142,148	327,663	142,277	528,723
<b>Fund Balances Beginning of Fiscal Year</b>	<u>-</u>	<u>98,865</u>	<u>-</u>	<u>501,809</u>	<u>(142,277)</u>	<u>187,711</u>
<b>Fund Balances End of Fiscal Year</b>	<u>\$ 160,000</u>	<u>\$ 95,180</u>	<u>\$ 142,148</u>	<u>\$ 829,472</u>	<u>\$ -</u>	<u>\$ 716,434</u>

(continued)

City of Lynnwood, Washington  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended December 31, 2015

	36th/35th Avenue West	204th/SR99-68 Avenue West	Park Acquisition and Development	Poplar Way Bridge Extension	Real Estate Excise Taxes 2	Real Estate Excise Taxes 1	Hardware Software Upgrade
<b>Revenues</b>							
Intergovernmental	\$ 250,512	\$ 2,684,727	\$ -	\$ 762,385	\$ -	\$ -	\$ -
Charges for services							
Taxes	-	-	-	-	929,945	929,945	-
<b>Total Revenues</b>	<u>250,512</u>	<u>2,684,727</u>	<u>-</u>	<u>762,385</u>	<u>929,945</u>	<u>929,945</u>	<u>-</u>
<b>Expenditures</b>							
<i>Current:</i>							
General government	2,732	-	-	-	-	-	-
Transportation	37,689	626,458	-	-	-	-	-
Culture and recreation	-	-	1,950	83,982	-	-	-
<b>Capital Outlay</b>	<u>249,188</u>	<u>3,572,408</u>	<u>1,054,960</u>	<u>798,311</u>	<u>-</u>	<u>-</u>	<u>244,193</u>
<b>Total Expenditures</b>	<u>289,609</u>	<u>4,198,866</u>	<u>1,056,910</u>	<u>882,293</u>	<u>-</u>	<u>-</u>	<u>244,193</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(39,097)</u>	<u>(1,514,139)</u>	<u>(1,056,910)</u>	<u>(119,908)</u>	<u>929,945</u>	<u>929,945</u>	<u>(244,193)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	542,305	1,158,530	208,740	-	-	470,000
Transfers out	-	-	-	-	(87,500)	(1,020,643)	-
<b>Other Financing Sources (Uses)</b>	<u>-</u>	<u>542,305</u>	<u>1,158,530</u>	<u>208,740</u>	<u>(87,500)</u>	<u>(1,020,643)</u>	<u>470,000</u>
<b>Net Change in Fund Balance</b>	<u>(39,097)</u>	<u>(971,834)</u>	<u>101,620</u>	<u>88,832</u>	<u>842,445</u>	<u>(90,698)</u>	<u>225,807</u>
<b>Fund Balances Beginning of Fiscal Year</b>	<u>131,999</u>	<u>1,477,427</u>	<u>60,567</u>	<u>188,457</u>	<u>357,801</u>	<u>1,126,487</u>	<u>20,800</u>
<b>Fund Balances End of Fiscal Year</b>	<u>\$ 92,902</u>	<u>\$ 505,593</u>	<u>\$ 162,187</u>	<u>\$ 277,289</u>	<u>\$ 1,200,246</u>	<u>\$ 1,035,789</u>	<u>\$ 246,607</u>

(continued)

City of Lynnwood, Washington  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended December 31, 2015

(Continued)

	Capital Development Plan	Justice Center Improvement	Interurban Trail	City-wide Safety Project	33RD Avenue Extension	Total Nonmajor Capital Projects Funds
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ 89,373	\$ 177,830	\$ 1,251,910	\$ 5,306,705
Charges for services					49,798	49,798
Taxes					-	1,859,890
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>89,373</u>	<u>177,830</u>	<u>1,301,708</u>	<u>7,216,393</u>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	189,596	-	192,328
Transportation	-	-	-	-	31,470	792,242
Culture and recreation	-	-	31,057	-	-	117,559
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>150,300</u>	<u>-</u>	<u>2,418,887</u>	<u>8,549,696</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>181,357</u>	<u>189,596</u>	<u>2,450,357</u>	<u>9,651,825</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>(91,984)</u>	<u>(11,766)</u>	<u>(1,148,649)</u>	<u>(2,435,432)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	137,500	109,830	-	270,702	1,212,000	5,475,409
Transfers out	(269,263)	-	-	-	-	(1,377,406)
<b>Other Financing Sources (Uses)</b>	<u>(131,763)</u>	<u>109,830</u>	<u>-</u>	<u>270,702</u>	<u>1,212,000</u>	<u>4,098,003</u>
<b>Net Change in Fund Balance</b>	<u>(131,763)</u>	<u>109,830</u>	<u>(91,984)</u>	<u>258,936</u>	<u>63,351</u>	<u>1,662,571</u>
<b>Fund Balances Beginning of Fiscal Year</b>	<u>773,347</u>	<u>-</u>	<u>747,627</u>	<u>3,181</u>	<u>227,596</u>	<u>5,761,397</u>
<b>Fund Balances End of Fiscal Year</b>	<u>\$ 641,584</u>	<u>\$ 109,830</u>	<u>\$ 655,643</u>	<u>\$ 262,117</u>	<u>\$ 290,947</u>	<u>\$ 7,423,968</u>

**City of Lynnwood, Washington**  
**Street Capital Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 160,000	\$ -
<b>Fund Balances</b>		
Restricted	\$ 160,000	\$ -

**City of Lynnwood, Washington**  
**Street Capital Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
<b>Other Financing Sources</b>		
Transfers in	\$ 160,000	\$ -
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Fund Balances End of Year</b>	<u>\$ 160,000</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
**Traffic Signals Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 95,180	\$ 105,471
Accounts receivable	-	9,119
<b>Total Assets</b>	<u>\$ 95,180</u>	<u>\$ 114,590</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 15,725
<b>Fund Balances</b>		
Restricted for capital outlay	<u>95,180</u>	<u>98,865</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 95,180</u>	<u>\$ 114,590</u>

**City of Lynnwood, Washington**  
**Traffic Signals Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 7,091	\$ 290,000
<b>Expenditures</b>		
<b>Debt Service</b>		
Interest	-	24
<b>Capital Outlay</b>	10,776	493,581
<b>Total Expenditures</b>	10,776	493,605
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(3,685)	(203,605)
<b>Other Financing Sources</b>		
Transfers in	-	439,514
<b>Net Change in Fund Balances</b>	(3,685)	235,909
<b>Fund Balances Beginning of Year</b>	98,865	(137,044)
<b>Fund Balances End of Year</b>	<u>\$ 95,180</u>	<u>\$ 98,865</u>

**City of Lynnwood, Washington**  
**194th Extension Project Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 142,148	\$ -
<b>Fund Balances</b>		
Restricted for capital outlay	\$ 142,148	\$ -

**City of Lynnwood, Washington**  
**194th Extension Project Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
Transportation	\$ 7,852	\$ -
<b>Other Financing Sources</b>		
Transfers in	<u>150,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	142,148	-
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Fund Balances End of Year</b>	<u>\$ 142,148</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
**Olympic View Drive Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Miscellaneous	\$ -	\$ 111
<b>Expenditures</b>		
<b>Debt Service</b>		
Interest	-	111
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-
<b>Other Financing Sources</b>		
Transfers in	-	639,969
<b>Net Change in Fund Balances</b>	-	639,969
<b>Fund Balances Beginning of Year</b>	-	(639,969)
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
**Roadway Surfacing Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 807,121	\$ 465,172
Accounts receivable	41,650	41,650
<b>Total Assets</b>	<u>\$ 848,771</u>	<u>\$ 506,822</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 19,299	\$ 5,013
<b>Fund Balances</b>		
Restricted for capital outlay	829,472	501,809
<b>Total Liabilities and Fund Balances</b>	<u>\$ 848,771</u>	<u>\$ 506,822</u>

**City of Lynnwood, Washington**  
**Roadway Surfacing Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental	\$ 396	\$ 1,595,135
Charges for services	-	92,299
<b>Total Revenues</b>	<u>396</u>	<u>1,687,434</u>
<b>Expenditures</b>		
<b>Current</b>		
Transportation	72,733	1,996,319
<b>Debt Service</b>		
Interest	-	5
<b>Total Expenditures</b>	<u>72,733</u>	<u>1,996,324</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(72,337)	(308,890)
<b>Other Financing Sources</b>		
Transfers in	400,000	857,723
<b>Net Change in Fund Balances</b>	327,663	548,833
<b>Fund Balances Beginning of Year</b>	<u>501,809</u>	<u>(47,024)</u>
<b>Fund Balances End of Year</b>	<u>\$ 829,472</u>	<u>\$ 501,809</u>

**City of Lynnwood, Washington**  
***Sidewalks/Ped Improvements Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 9,404</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 1,681
Interfund payable	<u>-</u>	<u>150,000</u>
<b>Total Liabilities</b>	-	151,681
<b>Fund Balances</b>		
Unassigned (deficit)	<u>-</u>	<u>(142,277)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 9,404</u>

**City of Lynnwood, Washington**  
**Sidewalks/Ped Improvements Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 570	\$ 1,107
<b>Expenditures</b>		
<b>Current</b>		
Culture and recreation	570	285
<b>Debt Service</b>		
Interest	-	52
<b>Capital Outlay</b>	<u>(25,000)</u>	<u>117,132</u>
<b>Total Expenditures</b>	<u>(24,430)</u>	<u>117,469</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	25,000	(116,362)
<b>Other Financing Sources</b>		
Transfers in	<u>117,277</u>	<u>165,082</u>
<b>Net Change in Fund Balances</b>	142,277	48,720
<b>Fund Balances Beginning of Year</b>	<u>(142,277)</u>	<u>(190,997)</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ (142,277)</u>

**City of Lynnwood, Washington**  
**196th Improvements Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 707,335	\$ 181,964
Accounts receivable	-	11,258
Intergovernmental receivable	<u>16,562</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 723,897</u></u>	<u><u>\$ 193,222</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,463	\$ 5,511
<b>Fund Balances</b>		
Restricted for capital outlay	<u>716,434</u>	<u>187,711</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 723,897</u></u>	<u><u>\$ 193,222</u></u>

**City of Lynnwood, Washington**  
**196th Improvements Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 81,911	\$ 32,150
<b>Expenditures</b>		
Transportation	16,040	-
Capital Outlay	<u>75,673</u>	<u>32,120</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	6,238	30
<b>Other Financing Sources</b>		
Transfers in	<u>538,525</u>	-
<b>Net Change in Fund Balances</b>	544,763	30
<b>Fund Balances Beginning of Year</b>	<u>187,711</u>	<u>187,681</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 732,474</u></u>	<u><u>\$ 187,711</u></u>

**City of Lynnwood, Washington**  
**36th/35th Avenue West**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 72,372	\$ 129,879
Receivables:		
Accounts	-	6,115
Intergovernmental	<u>58,220</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 130,592</u>	<u>\$ 135,994</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 37,690	\$ 3,985
<b>Fund Balances</b>		
Restricted for capital outlay	<u>92,902</u>	<u>131,999</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 130,592</u>	<u>\$ 135,984</u>

**City of Lynnwood, Washington**  
**36th/35th Avenue West**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental	\$ 250,512	\$ (6,601)
Charges for services	-	54
<b>Total Revenues</b>	<b>250,512</b>	<b>(6,547)</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	2,732	(2,332)
Transportation	37,689	-
<b>Capital Outlay</b>	<b>249,188</b>	<b>46,553</b>
<b>Total Expenditures</b>	<b>289,609</b>	<b>44,221</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(39,097)</b>	<b>(50,768)</b>
<b>Fund Balances Beginning of Year</b>	<b>131,999</b>	<b>182,767</b>
<b>Fund Balances End of Year</b>	<b>\$ 92,902</b>	<b>\$ 131,999</b>

**City of Lynnwood, Washington**  
**204th/SR99-68 Avenue West**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 406,848	\$ 1,441,755
Receivable:		
Accounts	24,250	68,848
Intergovernmental	<u>86,075</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 517,173</u>	<u>\$ 1,510,603</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 11,580	\$ 33,176
<b>Fund Balances</b>		
Restricted for capital outlay	<u>505,593</u>	<u>1,477,427</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 517,173</u>	<u>\$ 1,510,603</u>

**City of Lynnwood, Washington**  
**204th/SR99-68 Avenue West**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental	\$ 2,684,727	\$ 290,451
<b>Expenditures</b>		
<b>Current</b>		
Transportation	626,458	80,722
<b>Capital Outlay</b>	3,572,408	475,737
<b>Total Expenditures</b>	4,198,866	556,459
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(1,514,139)	(266,008)
<b>Other Financing Sources</b>		
Transfers in	542,305	1,575,899
<b>Net Change in Fund Balances</b>	(971,834)	1,309,891
<b>Fund Balances Beginning of Year</b>	1,477,427	167,536
<b>Fund Balances End of Year</b>	\$ 505,593	\$ 1,477,427

**City of Lynnwood, Washington**  
***Interurban Overpass/44th***  
***Comparative Statement of Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Other Financing Uses</b>		
Transfers out	\$ -	\$ (32,976)
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>32,976</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
***I-5/196 Pedestrian Bridge***  
***Comparative Statement of Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Other Financing Uses</b>		
Transfers out	\$ -	\$ (295,662)
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>295,662</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
***Park Acquisition and Development***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 162,187	\$ 71,298
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 7,354
Other payables	-	3,377
<b>Total Liabilities</b>	-	10,731
<b>Fund Balances</b>		
Restricted for capital outlay	162,187	60,567
<b>Total Liabilities and Fund Balances</b>	<u>\$ 162,187</u>	<u>\$ 71,298</u>

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**City of Lynnwood, Washington**  
**Park Acquisition and Development Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental	\$ -	\$ 39,529
<b>Expenditures</b>		
<b>Current</b>		
Culture and recreation	1,950	-
<b>Capital Outlay</b>	1,054,960	99,652
<b>Total Expenditures</b>	1,056,910	99,652
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(1,056,910)	(60,123)
<b>Other Financing Sources</b>		
Transfers in	1,158,530	-
<b>Net Change in Fund Balances</b>	101,620	(60,123)
<b>Fund Balances Beginning of Year</b>	60,567	120,690
<b>Fund Balances End of Year</b>	\$ 162,187	\$ 60,567

**City of Lynnwood, Washington**  
**Poplar Way Bridge Extension**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 150,575	\$ 4,497
Receivables:		
Accounts	-	370,940
Intergovernmental	<u>209,696</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 360,271</u>	<u>\$ 375,437</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 82,982	\$ 156,980
Interfund	<u>-</u>	<u>30,000</u>
<b>Total Liabilities</b>	82,982	186,980
<b>Fund Balances</b>		
Restricted for capital outlay	<u>277,289</u>	<u>188,457</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 360,271</u>	<u>\$ 375,437</u>

**City of Lynnwood, Washington**  
**Poplar Way Bridge Extension**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 762,385	\$ 534,775
<b>Expenditures</b>		
Transportation	83,982	-
Capital Outlay	<u>798,311</u>	<u>615,501</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(35,926)	(80,726)
<b>Other Financing Sources</b>		
Transfers in	<u>208,740</u>	<u>821</u>
<b>Net Change in Fund Balances</b>	172,814	(79,905)
<b>Fund Balances Beginning of Year</b>	<u>188,457</u>	<u>268,362</u>
<b>Fund Balances End of Year</b>	<u>\$ 361,271</u>	<u>\$ 188,457</u>

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 2 Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 920,645	\$ 305,890
Investments	196,674	-
Taxes receivable	82,927	51,911
<b>Total Assets</b>	<b>\$ 1,200,246</b>	<b>\$ 357,801</b>
<b>Fund Balances</b>		
Restricted for capital outlay	\$ 1,200,246	\$ 357,801

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 2 Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Taxes	\$ 929,945	\$ 698,190
Investment earnings	-	1,014
<b>Total Revenues</b>	929,945	699,204
<b>Other Financing (Uses)</b>		
Transfers out	(87,500)	(1,311,117)
<b>Net Change in Fund Balances</b>	842,445	(611,913)
<b>Fund Balances Beginning of Year</b>	357,801	969,714
<b>Fund Balances End of Year</b>	<u>\$ 1,200,246</u>	<u>\$ 357,801</u>

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 2 Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	900,000	900,000	929,945	(29,945)
Investment Earnings	-	-	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	900,000	900,000	929,945	(29,945)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	
Transfers out	(729,750)	(729,750)	(87,500)	(642,250)
<b>Net Changes in Fund Balances</b>	<u>\$ 170,250</u>	<u>\$ 170,250</u>	842,445	<u>\$ (672,195)</u>
<b>Fund Balances Beginning of Year</b>			<u>357,801</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,200,246</u>	

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 1 Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 785,136	\$ 1,074,576
Investments	167,726	-
Taxes receivable	<u>82,927</u>	<u>51,911</u>
<b>Total Assets</b>	<u>\$ 1,035,789</u>	<u>\$ 1,126,487</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>\$ 1,035,789</u>	<u>\$ 1,126,487</u>

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**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 1 Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Taxes	\$ 929,945	\$ 698,190
Investment earnings	-	1,559
<b>Total Revenues</b>	929,945	699,749
<b>Other Financing (Uses)</b>		
Transfers out	<u>(1,020,643)</u>	<u>(983,821)</u>
<b>Net Change in Fund Balance</b>	(90,698)	(284,072)
<b>Fund Balances Beginning of Year</b>	<u>1,126,487</u>	<u>1,410,559</u>
<b>Fund Balances End of Year</b>	<u>\$ 1,035,789</u>	<u>\$ 1,126,487</u>

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 1 Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	900,000	900,000	929,945	(29,945)
Investment Earnings	-	-	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	900,000	900,000	929,945	(29,945)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(865,782)	(865,782)	(1,020,643)	154,861
<b>Net Changes in Fund Balances</b>	<u>\$ 34,218</u>	<u>\$ 34,218</u>	(90,698)	<u>\$ 124,916</u>
<b>Fund Balances Beginning of Year</b>			<u>1,126,487</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,035,789</u>	

**City of Lynnwood, Washington**  
**Hardware/Software Upgrade Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$ 247,807</u>	<u>\$ 25,403</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,200	\$ 4,603
<b>Fund Balances</b>		
Committed	<u>246,607</u>	<u>20,800</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 247,807</u>	<u>\$ 25,403</u>

**City of Lynnwood, Washington**  
**Hardware/Software Upgrade Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
<b>Current</b>		
General Government	\$ -	\$ 12,593
<b>Capital Outlay</b>	<u>244,193</u>	<u>512,990</u>
<b>Total Expenditures</b>	244,193	525,583
<b>Other Financing Sources</b>		
Transfers in	<u>470,000</u>	<u>600,000</u>
<b>Net Change in Fund Balances</b>	225,807	74,417
<b>Fund Balances Beginning of Year</b>	<u>20,800</u>	<u>(53,617)</u>
<b>Fund Balances End of Year</b>	<u>\$ 246,607</u>	<u>\$ 20,800</u>

**City of Lynnwood, Washington**  
**Capital Development Plan Fund**  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 641,584	\$ 773,347
<b>Fund Balances</b>		
Restricted for capital outlay	\$ 641,584	\$ 773,347

**City of Lynnwood, Washington**  
**Capital Development Plan Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Investment earnings	\$ -	\$ 805.00
<b>Other Financing (Uses)</b>		
Transfers in	137,500	-
Transfers (out)	<u>(269,263)</u>	<u>(43,250)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(131,763)</u>	<u>(43,250)</u>
<b>Net Change in Fund Balances</b>	(131,763)	(42,445)
<b>Fund Balances Beginning of Year</b>	<u>773,347</u>	<u>815,792</u>
<b>Fund Balances End of Year</b>	<u>\$ 641,584</u>	<u>\$ 773,347</u>

**City of Lynnwood, Washington**  
**Capital Development Plan Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	300,000	300,000	137,500	162,500
Transfers out	<u>(150,220)</u>	<u>(500,220)</u>	<u>(269,263)</u>	<u>(230,957)</u>
<b>Net Changes in Fund Balances</b>	<u>\$ 149,780</u>	<u>\$ (200,220)</u>	(131,763)	<u>\$ (68,457)</u>
<b>Fund Balances Beginning of Year</b>			<u>773,347</u>	
<b>Fund Balances End of Year</b>			<u>\$ 641,584</u>	

**City of Lynnwood, Washington**  
***Justice Center Improvement Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 109,830	\$ -
<b>Fund Balances</b>		
Restricted for capital outlay	\$ 109,830	\$ -

**City of Lynnwood, Washington**  
**Justice Center Improvement Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2015 and 2014*

	<b>2015</b>	<b>2014</b>
<b>Other Financing Sources</b>		
Transfers in	\$ 109,830	\$ -
<b>Fund Balances Beginning of Year</b>	-	-
<b>Fund Balances End of Year</b>	\$ 109,830	\$ -

**City of Lynnwood, Washington**  
***Interurban Trail Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 686,700	\$ 716,279
Accounts Receivable	-	41,295
<b>Total Assets</b>	<u>\$ 686,700</u>	<u>\$ 757,574</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 31,057	\$ 9,947
<b>Fund Balances</b>		
Restricted for capital outlay	<u>655,643</u>	<u>747,627</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 686,700</u>	<u>\$ 757,574</u>

**City of Lynnwood, Washington**  
***Interurban Trail Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2015 and 2014***

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 89,373	\$ 387,562
<b>Expenditures</b>		
Culture and Recreation	31,057	-
Capital Outlay	<u>150,300</u>	<u>925,271</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(60,927)	(537,709)
<b>Other Financing Sources</b>		
Transfers in	<u>-</u>	<u>718,915</u>
<b>Net Change in Fund Balances</b>	(60,927)	181,206
<b>Fund Balances Beginning of Year</b>	<u>747,627</u>	<u>566,421</u>
<b>Fund Balances End of Year</b>	<u>\$ 686,700</u>	<u>\$ 747,627</u>

**City of Lynnwood, Washington**  
**Citywide Safety Project Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 222,534	\$ 4,378
Receivables:		
Accounts	-	55,570
Intergovernmental	<u>45,310</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 267,844</u>	<u>\$ 59,948</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,727	\$ 46,767
Interfund	<u>-</u>	<u>10,000</u>
<b>Total Liabilities</b>	5,727	56,767
<b>Fund Balances</b>		
Restricted for capital outlay	<u>262,117</u>	<u>3,181</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 267,844</u>	<u>\$ 59,948</u>

**City of Lynnwood, Washington**  
**Citywide Safety Project Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Intergovernmental	\$ 177,830	\$ 157,134
<b>Expenditures</b>		
<b>Current</b>		
General Government	189,596	-
<b>Debt Service</b>		
Interest	-	4
<b>Capital Outlay</b>	-	153,521
<b>Total Expenditures</b>	<u>189,596</u>	<u>153,525</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(11,766)	3,609
<b>Other Financing Sources</b>		
Transfers in	<u>270,702</u>	-
<b>Net Change in Fund Balances</b>	258,936	3,609
<b>Fund Balances Beginning of Year</b>	<u>3,181</u>	<u>(428)</u>
<b>Fund Balances End of Year</b>	<u>\$ 262,117</u>	<u>\$ 3,181</u>

**City of Lynnwood, Washington**  
**33rd Ave W Extension**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 447,749	\$ 784,266
Restricted cash and cash equivalent	-	24,485
Receivables:		
Accounts	1,749	895,378
Intergovernmental	-	-
<b>Total Assets</b>	<u>\$ 449,498</u>	<u>\$ 1,704,129</u>
<b>Liabilities, Deferred Outflows of Revenue and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 394,435
Interfund	-	1,000,000
Other current liabilities	158,551	57,613
Deposits payable	-	24,485
<b>Total Liabilities</b>	<u>158,551</u>	<u>1,476,533</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>290,947</u>	<u>227,596</u>
<b>Total Liabilities, Deferred Outflows of Revenue and Fund Balances</b>	<u>\$ 449,498</u>	<u>\$ 1,704,129</u>

**City of Lynnwood, Washington**  
**33rd Ave W Extension**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Intergovernmental	\$ 1,251,910	\$ 1,675,976
Charges for services	49,798	212,076
Other interest	-	-
<b>Total Revenues</b>	<b>1,301,708</b>	<b>1,888,052</b>
<b>Expenditures</b>		
<b>Current</b>		
General Government	31,470	-
<b>Debt Service</b>		
Principal	-	-
Interest	-	-
<b>Capital Outlay</b>	<b>2,418,887</b>	<b>2,107,316</b>
<b>Total Expenditures</b>	<b>2,450,357</b>	<b>2,107,316</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,148,649)</b>	<b>(219,264)</b>
<b>Other Financing Sources</b>		
Transfers in	1,212,000	393,679
<b>Net Change in Fund Balances</b>	<b>63,351</b>	<b>174,415</b>
<b>Fund Balances Beginning of Year</b>	<b>227,596</b>	<b>53,181</b>
<b>Fund Balances End of Year</b>	<b>\$ 290,947</b>	<b>\$ 227,596</b>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 6,142,141	\$ 14,169,684
Investments	6,170,702	-
Receivables:		
Accounts	3,239,953	3,011,419
Interest	5,100	5,100
Prepaid items	82,109	29,302
<b>Total Current Assets</b>	<u>15,640,005</u>	<u>17,215,505</u>
<b>Noncurrent Assets:</b>		
Restricted assets: cash and cash equivalents	24,350,456	1,949,816
Notes receivable	61,322	61,322
Capital assets:		
Nondepreciable	18,521,952	12,470,978
Depreciable, net	32,703,806	34,744,559
<b>Total Noncurrent Assets</b>	<u>75,637,536</u>	<u>49,226,675</u>
<b>Deferred Outflows of Resources-Pension</b>	<u>254,109</u>	<u>-</u>
<b>Total Assets and Deferred Outflows</b>	<u>91,531,650</u>	<u>66,442,180</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	2,540,475	1,325,822
Accrued payroll	141,311	104,110
Retainage payable	52,044	-
Custodial accounts payable	99,469	141,981
Compensated absences payable	89,146	76,031
Revenue bonds payable	1,265,000	555,000
Interest payable	84,025	38,347
<b>Total Current Liabilities</b>	<u>4,271,470</u>	<u>2,241,291</u>
<b>Long-Term Liabilities (net of current portion):</b>		
Compensated absences payable	217,104	192,555
Net pension liability	2,340,634	-
Revenue bonds payable	35,842,602	11,474,766
<b>Total Long-term Liabilities</b>	<u>38,400,340</u>	<u>11,667,321</u>
<b>Deferred Inflows of Resources</b>	<u>354,849</u>	<u>23,180,434</u>
<b>Total Liabilities</b>	<u>43,026,659</u>	<u>13,908,612</u>
<b>Net Position</b>		
Net investment in capital assets	31,610,925	35,185,773
Restricted for:		
Debt service	1,265,000	1,143,605
Capital projects	314,068	1,999,992
Unrestricted	15,314,998	14,204,198
<b>Total Net Position</b>	<u>\$ 48,504,991</u>	<u>\$ 52,533,568</u>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>		
<b>Charges for services:</b>		
Water	\$ 5,712,145	\$ 5,210,836
Sewer	9,464,678	8,995,429
Storm	3,106,621	2,984,121
Miscellaneous	8,653	44,160
	<u>18,292,097</u>	<u>17,234,546</u>
<b>Charges for services</b>		
<b>Operating Expenses</b>		
Administration and general-Water	1,477,329	1,204,968
Administration and general-Sewer	1,474,984	734,992
Administration and general-Storm	645,725	602,278
Maintenance and operation-Water	3,231,298	2,600,835
Maintenance and operation-Sewer	5,339,075	5,845,871
Maintenance and operation-Storm	1,477,767	741,201
Depreciation	2,918,798	2,034,722
	<u>16,564,975</u>	<u>13,764,867</u>
<b>Total Operating Expenses</b>		
<b>Operating Income</b>	<u>1,727,122</u>	<u>3,469,679</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	15,639	17,469
Miscellaneous revenue	-	51,679
Interest expense	(512,298)	(500,195)
Debt issuance costs	(277,509)	(6,936)
Other nonoperating revenue	-	170,000
Gain on the disposition of capital assets	1,037	475
	<u>(773,131)</u>	<u>(267,508)</u>
<b>Total Non-Operating Revenues (Expenses)</b>		
<b>Income Before Contributions and Transfers Out</b>	953,991	3,202,171
<b>Contributions</b>	111,009	822,721
<b>Transfers In</b>	1,015,045	1,015,987
<b>Transfers Out</b>	<u>(2,883,579)</u>	<u>(2,753,430)</u>
<b>Change in Net Position</b>	(803,534)	2,287,449
<b>Net Position Beginning of Year</b>	<u>52,533,568</u>	<u>50,246,119</u>
Prior Period Adjustment	(614,742)	
Restatement of Beginning Net Position	(2,610,301)	
<b>Net Position End of Year</b>	<u>\$ 48,504,991</u>	<u>\$ 52,533,568</u>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 18,156,028	\$ 16,344,093
Cash payments to employees for services	(4,097,201)	(3,988,980)
Cash payments to suppliers	(5,737,617)	(6,922,938)
Cash payments to/from other funds	(1,868,535)	(1,388,911)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>6,452,675</u>	<u>4,043,264</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Other nonoperating revenues	-	51,681
Transfers in	-	324,800
<b>Net Cash Flows from Noncapital Financing Activities</b>	<u>6,452,675</u>	<u>376,481</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital contributions	111,009	883,459
Cash receipts from capital grants	-	170,000
Cash receipts from the disposal of capital assets	1,037	475
Proceeds from revenue bonds	24,075,000	-
Principal paid on revenue bonds	(1,002,836)	(552,215)
Interest paid on revenue bonds and contracts	(835,484)	(569,194)
Payments for capital acquisitions	(8,122,211)	(4,855,354)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<u>14,226,515</u>	<u>(4,922,829)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(6,246,217)	-
Proceeds from sale and maturities of investment securities	-	-
Investment (losses)/earnings	(59,876)	17,469
<b>Net Cash Flows From Investing Activities</b>	<u>(6,306,093)</u>	<u>17,469</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	14,373,097	(485,615)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>16,119,500</u>	<u>16,605,115</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 30,492,597</u>	<u>\$ 16,119,500</u>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income</b>	\$ 1,727,122	\$ 4,119,760
<b>Adjustments:</b>		
Depreciation	2,918,798	1,384,640
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	(228,534)	(296,216)
Inventories, deposits and prepaid items	(52,807)	64,317
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	1,214,653	(1,381,227)
Compensated absences payable	37,664	10,009
Other current liabilities	835,779	141,981
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 6,452,675</u>	<u>\$ 4,043,264</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>		
Capital assets written off or retirement	\$ 5,054	\$ 1,635,439
Contribution of capital assets	111,009	883,459
<b>Total Non-Cash Activities</b>	<u>\$ 116,063</u>	<u>\$ 2,518,898</u>

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 231,499	\$ 255,034
Investments	57,293	-
Accounts receivable (net)	2,392	4,381
Prepaid expenses	3,355	2,278
Inventories	22,282	20,948
<b>Total Current Assets</b>	<u>316,821</u>	<u>282,641</u>
<b>Noncurrent Assets:</b>		
Restricted:		
Cash and investments	19,572	20,085
Customer prepayments	17,093	17,341
Capital assets:		
Nondepreciable	3,663,369	3,663,369
Depreciable, net	210,377	261,520
<b>Total Noncurrent Assets</b>	<u>3,910,411</u>	<u>3,962,315</u>
<b>Total Assets</b>	<u>4,227,232</u>	<u>4,244,956</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	12,985	27,286
Interfund payable	150,000	1,300,000
Deposits payable	19,573	20,085
Custodial accounts	51	2,112
Unearned revenue	17,093	17,341
<b>Total Current Liabilities</b>	<u>199,702</u>	<u>1,366,824</u>
Interfund payable	1,050,000	-
<b>Total Long-Term Liabilities</b>	<u>1,050,000</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,249,702</u>	<u>1,366,824</u>
<b>Net Position</b>		
Investment in capital assets	3,873,746	3,924,889
Unrestricted (deficit)	(896,216)	(1,046,757)
<b>Total Net Position</b>	<u>\$ 2,977,530</u>	<u>\$ 2,878,132</u>

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Operating Revenues</b>		
Charges for services	\$ 1,077,916	\$ 997,358
Rentals	134,864	115,385
Miscellaneous	1,412	1,003
<b>Total Operating Revenues</b>	<b>1,214,192</b>	<b>1,113,746</b>
<b>Operating Expenses</b>		
Administration and general	1,061,591	853,332
Maintenance and operations	-	98,431
Depreciation	51,144	41,402
<b>Total Operating Expenses</b>	<b>1,112,735</b>	<b>993,165</b>
<b>Operating Income (Loss)</b>	<b>101,457</b>	<b>120,581</b>
<b>Non-Operating Revenues (Expenses)</b>		
Loss on disposition of capital assets	-	-
Investment earnings	-	(1,142)
Interest expense	(2,059)	-
Miscellaneous	-	(40)
Bond related items	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,059)</b>	<b>(1,182)</b>
<b>Income Before Contributions</b>	<b>99,398</b>	<b>119,399</b>
<b>Contributions</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>99,398</b>	<b>119,399</b>
<b>Net Position Beginning of Year</b>	<b>2,878,132</b>	<b>2,782,956</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(24,223)</b>
<b>Net Position End of Year</b>	<b>\$ 2,977,530</b>	<b>\$ 2,878,132</b>

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 1,214,769	\$ 1,126,724
Cash payments to employees for services	-	(141,844)
Cash payments for goods and services	(1,076,892)	(829,968)
Cash received (paid) from/to other funds	(100,000)	(53,457)
Other cash received (paid)	(2,821)	(4,421)
<b>Net Cash Provided by (Used in) Operating Activities</b>	35,056	97,034
<b>Cash Flows from/To Noncapital Financing Activities</b>		
Cash flows from/to interfund loans	(2,059)	(17,252)
<b>Cash Flows from Investment Activities</b>		
Purchase of Investments	(57,293)	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(24,296)	79,782
<b>Cash and Cash Equivalents Beginning of Year</b>	292,460	212,678
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 268,164</u>	<u>\$ 292,460</u>

(Continued)

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

(Continued)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income</b>	\$ 101,457	\$ 120,581
<b>Adjustments:</b>		
Depreciation	51,144	41,402
Other nonoperating disbursements	-	(40)
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	1,989	(4,381)
Inventories, deposits and prepaid items	(2,412)	17,104
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	(14,301)	(808)
Compensated absences payable	-	(89,802)
Other liabilities	(102,821)	12,978
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 35,056</u>	<u>\$ 97,034</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>		
Retirement and write-off of capital assets	\$ -	\$ 24,223
	-	-
<b>Total Non-Cash Activities</b>	<u>\$ -</u>	<u>\$ 24,223</u>

**City of Lynnwood, Washington**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**December 31, 2015**

	<b>Equipment Rental Reserve</b>	<b>Self Insurance</b>	<b>Reserve Retirement Contribution</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,675,154	\$ 5,358	\$ 40,446	\$ 3,720,958
Investments	442,845	1,147	8,642	452,634
Receivables:				
Accounts	20,145	-	-	20,145
Intergovernmental	95,734	-	-	95,734
Prepaid Insurance	91,491	372,163	-	463,654
<b>Total Current Assets</b>	<b>4,325,369</b>	<b>378,668</b>	<b>49,088</b>	<b>4,753,125</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Nondepreciable	43,294	-	-	43,294
Depreciable, net	6,543,404	-	-	6,543,404
<b>Total Noncurrent Assets:</b>	<b>6,586,698</b>	<b>-</b>	<b>-</b>	<b>6,586,698</b>
<b>Deferred Outflows</b>	<b>37,723</b>	<b>-</b>	<b>-</b>	<b>37,723</b>
<b>Total Assets and Deferred Outflows</b>	<b>10,949,790</b>	<b>378,668</b>	<b>49,088</b>	<b>11,377,546</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	74,995	-	-	74,995
Wages payable	24,166	-	-	24,166
Interfund loan payable	170,000	275,000	-	445,000
Claims and judgments payable	-	34,750	-	34,750
Compensated absences payable	12,846	-	-	12,846
<b>Total Current Liabilities</b>	<b>282,007</b>	<b>309,750</b>	<b>-</b>	<b>591,757</b>
<b>Noncurrent Liabilities</b>				
Compensated absences payable	43,629	-	-	43,629
Net pension liability payable	347,472	-	-	347,472
<b>Total Liabilities</b>	<b>391,101</b>	<b>-</b>	<b>-</b>	<b>391,101</b>
<b>Deferred Inflows</b>	<b>52,677</b>	<b>-</b>	<b>-</b>	<b>52,677</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>725,785</b>	<b>309,750</b>	<b>-</b>	<b>1,035,535</b>
<b>Net Position</b>				
Investment in capital assets	6,586,698	-	-	6,586,698
Unrestricted	3,637,307	68,918	49,088	3,755,313
<b>Total Net Position</b>	<b>\$ 10,224,005</b>	<b>\$ 68,918</b>	<b>\$ 49,088</b>	<b>\$ 10,342,011</b>

City of Lynnwood, Washington  
*Internal Service Funds*  
 Combining Statement of Revenues,  
 Expenses and Changes in Fund Net Position  
 For the Year Ended December 31, 2015

	<b>Equipment Rental Reserve</b>	<b>Self Insurance</b>	<b>Reserve Retirement Contribution</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 2,741,843	\$ 794,556	\$ -	\$ 3,536,399
Miscellaneous	65,947	-	-	65,947
<b>Total Operating Revenues</b>	<u>2,807,790</u>	<u>794,556</u>	<u>-</u>	<u>3,602,346</u>
<b>Operating Expenses</b>				
Administration and general	86,485	-	-	86,485
Maintenance and operations	1,391,022	931	-	1,391,953
Insurance and claims	-	850,749	-	850,749
Depreciation	777,079	-	-	777,079
<b>Total Operating Expenses</b>	<u>2,254,586</u>	<u>851,680</u>	<u>-</u>	<u>3,106,266</u>
<b>Operating Income (Loss)</b>	<u>553,204</u>	<u>(57,124)</u>	<u>-</u>	<u>496,080</u>
<b>Non-Operating Revenues</b>				
Other nonoperating revenue	-	43,215	-	43,215
Gain on disposition of capital assets	189,949	-	-	189,949
<b>Total Non-Operating Revenues</b>	<u>189,949</u>	<u>43,215</u>	<u>-</u>	<u>233,164</u>
<b>Change in Net Position</b>	<u>743,153</u>	<u>(13,909)</u>	<u>-</u>	<u>729,244</u>
<b>Net Position Beginning of Year</b>	9,868,356	82,827	49,088	10,000,271
<b>Restatement of Beginning Net Position</b>	<u>(387,504)</u>	<u>-</u>	<u>-</u>	<u>(387,504)</u>
<b>Net Position Beginning of Year, As Restated</b>	<u>9,480,852</u>	<u>82,827</u>	<u>49,088</u>	<u>9,612,767</u>
<b>Net Position End of Year</b>	<u>\$ 10,224,005</u>	<u>\$ 68,918</u>	<u>\$ 49,088</u>	<u>\$ 10,342,011</u>

**City of Lynnwood, Washington**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

	<b>Equipment Rental Reserve</b>	<b>Self Insurance</b>	<b>Reserve Retirement Contribution</b>	<b>Total</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash received from interfund services provided	\$ 2,792,509	\$ 819,768	\$ -	\$ 3,612,277
Other cash receipts	65,947	-	-	65,947
Cash payments to employees for services	(546,444)	-	-	(546,444)
Cash payments for goods and services	(1,200,127)	(1,228,474)	-	(2,428,601)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,111,885</b>	<b>(408,706)</b>	<b>-</b>	<b>703,179</b>
<b>Cash Flows from Non-Capital financing activities</b>				
Interfund loan received	170,000	275,000	-	445,000
Insurance recoveries	-	43,215	-	43,215
<b>Net Cash Flows from non-Capital and related financing activities</b>	<b>170,000</b>	<b>318,215</b>	<b>-</b>	<b>488,215</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(1,541,158)	-	-	(1,541,158)
Proceeds from sale of equipment	189,949	-	-	189,949
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(1,351,209)</b>	<b>-</b>	<b>-</b>	<b>(1,351,209)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	(448,257)	(1,147)	(8,642)	(458,046)
Interest and dividends on investments	(5,411)	-	-	(5,411)
Proceeds from sale and maturities of investment securities	-	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(453,668)</b>	<b>(1,147)</b>	<b>(8,642)</b>	<b>(463,457)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(522,992)</b>	<b>(91,638)</b>	<b>(8,642)</b>	<b>(623,272)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>4,198,146</b>	<b>145,381</b>	<b>49,088</b>	<b>4,392,615</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 3,675,154</b>	<b>\$ 53,743</b>	<b>\$ 40,446</b>	<b>\$ 3,769,343</b>

(continued)

City of Lynnwood, Washington  
*Internal Service Funds*  
 Combining Statement of Cash Flows  
 For the Year Ended December 31, 2015

(continued)

	<u>Equipment Rental Reserve</u>	<u>Self Insurance</u>	<u>Reserve Retirement Contribution</u>	<u>Total</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ 553,204	\$ (57,124)	\$ -	\$ 496,080
<b>Adjustments:</b>				
Depreciation	777,079	-	-	777,079
Other non-operating receipts and disbursements	-	-	-	-
<b>(Increase) Decrease in Assets:</b>				
Receivables, net	(15,281)	25,212	-	9,931
Inventories, deposits and prepaid expenses	(197,844)	(372,163)	-	(570,007)
<b>Increase (Decrease) in Liabilities:</b>				
Accounts and other payables	(4,877)	(4,631)	-	(9,508)
Compensated absences	(396)	-	-	(396)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,111,885</u>	<u>\$ (408,706)</u>	<u>\$ -</u>	<u>\$ 703,179</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,675,154	\$ 4,198,146
Investments	442,845	-
Receivables:		
Accounts	20,145	4,864
Intergovernmental	95,734	-
Prepaid Insurance	91,491	-
<b>Total Current Assets</b>	<u>4,325,369</u>	<u>4,203,010</u>
<b>Noncurrent Assets:</b>		
Capital assets:		
Nondepreciable	43,294	43,294
Depreciable, net	6,543,404	5,779,328
<b>Total Noncurrent Assets:</b>	<u>6,586,698</u>	<u>5,822,622</u>
<b>Deferred Outflows</b>	<u>37,723</u>	<u>-</u>
<b>Total Assets and Deferred Outflows</b>	<u>10,949,790</u>	<u>10,025,632</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	74,995	89,199
Wages payable	24,166	14,839
Interfund loan payable	170,000	-
Compensated absences payable	12,846	13,242
<b>Total Current Liabilities</b>	<u>282,007</u>	<u>117,280</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	43,629	39,996
Net pension liability payable	347,472	-
<b>Total Noncurrent Liabilities</b>	<u>391,101</u>	<u>39,996</u>
<b>Deferred Inflows</b>	<u>52,677</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>725,785</u>	<u>157,276</u>
<b>Net Position</b>		
Investment in capital assets	6,586,698	5,822,623
Unrestricted	3,637,307	4,045,733
<b>Total Net Position</b>	<u>\$ 10,224,005</u>	<u>\$ 9,868,356</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Operating Revenues</b>		
Charges for services	\$ 2,741,843	\$ 2,348,210
Miscellaneous	65,947	1,088
<b>Total Operating Revenues</b>	<b>2,807,790</b>	<b>2,349,298</b>
<b>Operating Expenses</b>		
Administration and general	86,485	216,742
Maintenance and operations	1,391,022	1,260,405
Depreciation	777,079	724,313
<b>Total Operating Expenses</b>	<b>2,254,586</b>	<b>2,201,460</b>
<b>Operating Income</b>	<b>553,204</b>	<b>147,838</b>
<b>Non-Operating Revenues</b>		
Other nonoperating income	-	3,544
Gain on disposition of capital assets	189,949	95,372
<b>Total Non-Operating Revenues</b>	<b>189,949</b>	<b>98,916</b>
<b>Income Before Transfers in</b>	<b>743,153</b>	<b>246,754</b>
<b>Transfers in</b>	<b>-</b>	<b>791,533</b>
<b>Change in Net Position</b>	<b>743,153</b>	<b>1,038,287</b>
<b>Net Position Beginning of Year</b>	<b>9,868,356</b>	<b>8,830,069</b>
<b>Prior Period Adjustment</b>	<b>(387,504)</b>	<b>-</b>
<b>Net Position End of Year</b>	<b>\$ 10,224,005</b>	<b>\$ 9,868,356</b>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ 2,792,509	\$ 2,331,849
Other cash receipts	65,947	-
Cash payments to employees for services	(546,444)	(536,963)
Cash payments for goods and services	(1,200,127)	(1,055,831)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,111,885</u>	<u>739,055</u>
<b>Cash Flows from Non-Capital financing activities</b>		
Interfund loan received	170,000	791,533
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(1,541,158)	(724,529)
Proceeds from sale of equipment	189,949	95,372
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(1,351,209)</u>	<u>(629,157)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(448,257)	-
Interest and dividends on investments	(5,411)	3,386
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(453,668)</u>	<u>3,386</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(522,992)	904,817
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>4,198,146</u>	<u>3,293,329</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 3,675,154</u>	<u>\$ 4,198,146</u>

(continued)

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

(continued)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income/ (Loss)</b>	\$ 553,204	\$ 147,838
<b>Adjustments:</b>		
Depreciation	777,079	724,313
Other non-operating receipts and disbursements	-	158
<b>(Increase) Decrease in Assets:</b>		
Receivables, net	(15,281)	(3,389)
Inventories, deposits and prepaid expenses	(197,844)	
<b>Increase (Decrease) in Liabilities:</b>		
Accounts and other payables	(4,877)	(138,410)
Compensated absences	(396)	8,545
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,111,885</u>	<u>\$ 739,055</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,358	\$ 145,381
Investments	1,147	-
Accounts receivables	-	25,212
Prepaid insurance	372,163	-
<b>Total Current Assets</b>	<u>378,668</u>	<u>170,593</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	-	48,385
Claims and judgements payable	34,750	39,381
Interfund loans payable	275,000	-
<b>Total Current Liabilities</b>	<u>309,750</u>	<u>87,766</u>
<b>Net Position</b>		
Restricted	<u>\$ 68,918</u>	<u>\$ 82,827</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>		
Charges for services	\$ 794,556	\$ 616,247
<b>Operating Expenses</b>		
Administration and general	-	32,100
Maintenance and operations	931	25,786
Insurance and claims	850,749	493,145
<b>Total Operating Expenses</b>	<u>851,680</u>	<u>551,031</u>
<b>Operating Income (Loss)</b>	<u>(57,124)</u>	<u>65,216</u>
<b>Non-Operating Revenues (Expenses)</b>		
Insurance and claims	43,215	6,242
Interest expense	-	(345)
<b>Total Non-Operating Revenues</b>	<u>43,215</u>	<u>5,897</u>
<b>Income Before Transfers in</b>	(13,909)	71,113
<b>Transfers in</b>	<u>-</u>	<u>515,000</u>
<b>Change in Net Position</b>	(13,909)	586,113
<b>Net Position Beginning of Year</b>	<u>82,827</u>	<u>(503,286)</u>
<b>Net Position End of Year</b>	<u>\$ 68,918</u>	<u>\$ 82,827</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ 819,768	\$ 598,913
Payments to other funds for services	-	(275,000)
Cash payments for goods and services	(1,228,474)	(704,659)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(408,706)</u>	<u>(380,746)</u>
<b>Cash Flows from non-Capital and related financing activities:</b>		
Insurance recoveries	43,215	6,243
Receipts from non-capital grants	-	-
Interfund loans received	275,000	514,655
<b>Cash Flows from non-Capital and related financing activities</b>	<u>318,215</u>	<u>520,898</u>
<b>Cash Flows from Capital and related financing activities:</b>		
Proceeds from disposition of capital assets	-	-
Capital Contributions	-	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,147)	-
Proceeds from sale and maturities of investment securities	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(1,147)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(91,638)	140,152
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>145,381</u>	<u>5,229</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 53,743</u>	<u>\$ 145,381</u>

(continued)

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

(continued)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income (Loss)</b>	\$ (57,124)	\$ 65,216
<b>Adjustments:</b>		
Depreciation	-	-
Other non-operating receipts/disbursements	-	-
<b>(Increase) Decrease in Assets:</b>		
Receivables, net	25,212	-
Inventories, deposits and prepaid expenses	(372,163)	(17,334)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	(4,631)	44,207
Other Current Liabilities	-	(472,835)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (408,706)</u>	<u>\$ (380,746)</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 40,446	\$ 49,088
Investments	8,642	-
	<u>\$ 49,088</u>	<u>\$ 49,088</u>
<b>Net Position</b>		
Unrestricted	<u>\$ 49,088</u>	<u>\$ 49,088</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>		
Charges for services	\$ -	\$ -
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>		
Administration and general		31,361
Maintenance and operations	-	-
Depreciation	-	-
<b>Total Operating Expenses</b>	<u>-</u>	<u>31,361</u>
<b>Operating (Loss)</b>	-	(31,361)
<b>Non-Operating Revenues</b>		
Investment earnings	-	62
<b>Change in Net Position</b>	-	(31,299)
<b>Net Position Beginning of Year</b>	<u>49,088</u>	<u>80,387</u>
<b>Net Position End of Year</b>	<u>\$ 49,088</u>	<u>\$ 49,088</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ -	\$ -
Other cash receipts	-	-
Cash payments to employees for services	-	-
Cash payments for goods and services	-	(31,361)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>-</u>	<u>(31,361)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from disposition of capital assets	-	-
Payments for capital acquisitions	-	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(8,642)	-
Proceeds from sale and maturities of investment securities	-	-
Interest and dividends on investments	-	62
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(8,642)</u>	<u>62</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(8,642)	(31,299)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>49,088</u>	<u>80,387</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 40,446</u>	<u>\$ 49,088</u>

(continued)

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Cash Flows**  
**For the Year Ended**  
**For the Years Ended December 31, 2015 and 2014**

(continued)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating (Loss)</b>	\$ -	\$ (31,361)
<b>Adjustments:</b>		
Depreciation	-	-
<b>(Increase) Decrease in Assets:</b>		
Intergovernmental receivable	-	-
<b>Increase (Decrease) in Liabilities:</b>		
Intergovernmental payable	-	-
Compensated absences	-	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ -</u>	<u>\$ (31,361)</u>

**City of Lynnwood, Washington**  
***Comparative Statement of Net Plan Position***  
***Recreation Scholarship funds***  
***Fiduciary Funds***  
***For the Years Ended December 31, 2015 and 2014***

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Restricted cash and investments	\$ 15,310	\$ 17,291
Investments	3,275	
<b>Total Assets</b>	<u>\$ 18,585</u>	<u>\$ 17,291</u>
<b>Net Position</b>		
Held in trust for scholarships	<u>\$ 18,585</u>	<u>\$ 17,291</u>

**City of Lynnwood, Washington**  
***Comparative Statement of Changes in Fiduciary Net Position***  
***Recreation Scholarship Funds***  
***Fiduciary Funds***  
***For the Years Ended December 31, 2015 and 2014***

	<b>2015</b>	<b>2014</b>
<b>Additions</b>		
Contributions	\$ 1,294	\$ -
<b>Beginning Net Position</b>	17,291	17,291
<b>Ending Net Position</b>	\$ 18,585	\$ 17,291

**City of Lynnwood, Washington**  
***Comparative Statement of Net Position***  
***Court Trust Fund***  
***Fiduciary Funds***  
***For the Years Ended December 31, 2015 and 2014***

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Restricted cash and investments	\$ 31,884	\$ 31,884
<b>Liabilities</b>		
Custodial Accounts	\$ 31,884	\$ 31,884

**City of Lynnwood, Washington**  
*Statement of Changes in Fiduciary Net Position*  
**Court Trust Fund**  
*Fiduciary Funds*  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Additions</b>		
Contributions	\$ -	\$ -
<b>Deductions</b>		
Scholarships	\$ -	\$ -
<b>Change in Net Position</b>	\$ -	\$ -
Beginning Net Position	\$ 31,884	\$ 31,884
Ending Net Position	<u>\$ 31,884</u>	<u>\$ 31,884</u>

**City of Lynnwood, Washington**  
**Comparative Statement of Net Plan Position**  
**Firemen's Pension Trust Fund**  
**Fiduciary Funds**  
**For the Years Ended December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 419,955	\$ 570,066
Investments	89,715	-
Prepaid expenses	-	45,326
<b>Total Assets</b>	<u>\$ 509,670</u>	<u>\$ 615,392</u>
<b>Net Position</b>		
Restricted for pensions	<u>\$ 509,670</u>	<u>\$ 615,392</u>

**City of Lynnwood, Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Fund**  
**Fiduciary Funds**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Additions</b>		
Intergovernmental Revenues	\$ 55,514	\$ 56,876
Other Interest	\$ -	\$ 651
Total Additions	<u>\$ 55,514</u>	<u>\$ 57,527</u>
<b>Deductions</b>		
Benefits	\$ 161,236	\$ 118,446
Administrative Expenses	\$ -	\$ 21,825
Total Deductions	<u>\$ 161,236</u>	<u>\$ 140,271</u>
<b>Change in Net Position</b>	\$ (105,722)	\$ (82,744)
Beginning Net Position	<u>\$ 615,392</u>	<u>\$ 698,136</u>
Ending Net Position	<u><u>\$ 509,670</u></u>	<u><u>\$ 615,392</u></u>

**City of Lynnwood, Washington**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2015**

<b>Miscellaneous Suspense Fund</b>	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2015</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 401,649	\$ 1,862,511	\$ 1,629,186	\$ 634,974
<b>Liabilities</b>				
Checks payable	\$ 401,649	\$ 1,862,511	\$ 1,629,186	\$ 634,974
<b>Court Trust Fund</b>				
<b>Court Trust Fund</b>	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2015</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 81,697	\$ 118,791	\$ 168,604	\$ 31,884
<b>Liabilities</b>				
Deposits payable	\$ 81,697	\$ 118,791	\$ 168,604	\$ 31,884
<b>Payroll Clearing</b>				
<b>Payroll Clearing</b>	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2015</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 152,039	\$ 23,075,984	\$ 22,399,878	\$ 828,145
<b>Liabilities</b>				
Wages and Vouchers payable	\$ 152,039	\$ 23,075,984	\$ 22,399,878	\$ 828,145
<b>AP Clearing</b>				
<b>AP Clearing</b>	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2015</b>
<b>Assets</b>				
Cash and cash equivalents	\$ (48,645)	\$ 353,148	\$ 300,620	\$ 3,883
<b>Liabilities</b>				
Vouchers Payable	\$ (48,645)	\$ 300,620	\$ 248,092	\$ 3,883
<b>Investment Clearing</b>				
<b>Investment Clearing</b>	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2015</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 75,337,728	\$ 75,387,849	\$ (50,121)
<b>Liabilities</b>				
Vouchers Payable	\$ -	\$ 75,337,728	\$ 75,387,849	\$ (50,121)

**City of Lynnwood, Washington**  
*Scheduled of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2015*

Federal Agency Name	Federal Program Name	CFDA Number	Pass-Thru Agency	Other I.D. Number	EXPENDITURES			Foot-note Ref.
					From Pass-Through Awards	From Direct Awards	Total	
U.S. Department of Justice Bureau of Justice Assistance	STOP Violence Against Women Formula Grant Program	16.588	WSDOC	STOP VAWA - Violence Against Women	\$ 1,334	\$	1,334	1, 2, 7
U.S. Department of Justice Bureau of Justice Assistance	Ballistic Vest Grant Program - Bulletproof Vest Partnership	16.607	N/A	OMB#1121-0235	-	4,762	\$ 4,762	
		16.607	N/A	OMB#1121-0235	-	8,220	\$ 8,220	
				Subtotal	-	\$ 12,982	\$ 12,982	1, 2, 7
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	\$ 81,911	\$	81,911	
				STPUL-9931(009) LA-7167 35th/36th Ave W Roadway Improvements	250,512	\$	250,512	
				STPUL-9917(023) LA-8401 Improvements - SR 99 to Scriber Lake Rd	890,586	\$	890,586	
				STPUL-0524(013) LA-8304 SR 524 Improvements - SR 99 to Scriber Lake Rd	7,091	\$	7,091	
				IMD-STPUL-2004(037) LA-5787 Lynnwood Poplar Way Overcrossing	762,385	\$	762,385	
				CM-STPE-9999(640) LA-7613 Interurban Regional Trail Missing Links	89,373	\$	89,373	
				STPUL-2543(001) LA-8095 2013 Road Overlay & Rebuild-44th Ave W	396	\$	396	
				HSIP-000S(310) LA-7807 SR 99 and SR 524 Safety Improvements	121,019	\$	121,019	
				HSIP-000S(311) LA-7808 SR 99 and SR 524 Real-time Adaptive Signal Control Implementation	33,951	\$	33,951	
				HSIP-000S(309) LA-7806 Citywide Safety Improvements	20,208	\$	20,208	
				HSIP-0099(121) LA-7800 SR 99 176th St SW Channelization and Road Diet	(13,982)	\$	(13,982)	
				Subtotal	\$ 2,243,451	\$	2,243,451	1, 2, 7
U.S. Department of Transportation National	State and Community			Traffic Safety Equipment Grant - Stalker Lidar XLR Radar	\$ 8,521	\$	8,521	
Highway Traffic Safety Administration (NHTSA)	Highway Safety	20.600	WASPC	Traffic Safety Equipment Grant - Rain pants school zone	1,600	\$	1,600	
				Subtotal	\$ 10,121	\$	10,121	
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	State and Community Highway Safety	20.600	WTSC	Distracted Driving	4,911	\$	4,911	
				Motorcycle Safety	5,993	\$	5,993	
				Target Zero DUI & Traffic Safety	9,982	\$	9,982	
				LEL to promote Target Zero	6,265	\$	6,265	
				Subtotal	27,150	\$	27,150	
				<b>Total - CFDA 20.600</b>	\$ 37,271	\$	37,271	1, 2, 7
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA)	National Priority Safety Programs	20.616	WTSC	Target Zero: Seatbelts	\$ 983	\$	983	
				Target Zero: Seatbelts	3,334	\$	3,334	
				Subtotal	\$ 4,317	\$	4,317	
				<b>Total - CFDA 20.6XX</b>	\$ 41,589	\$	41,589	1, 2, 7
U.S. Department of Justice, Drug Enforcement Administration Department of Homeland Security	High Intensity Drug Trafficking Area Program Disaster Grants - Public Assistance (Presidentially Declared Disasters)	95.001 97.036	DOJ	HIDTA Task Force - D-21	10,502	\$	10,502	1, 2, 7
				4242-DR-WA August 29, 2015 Wind Storm		\$ 57,925	\$ 57,925	
				Subtotal	-	\$ 57,925	\$ 57,925	1, 2, 7
				Subtotal	-	\$ -	\$ -	
	Total Federal Awards Expended				\$ 2,296,876	\$ 70,907	\$ 2,367,783	

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 Federal Awards**

*For the Year Ended December 31, 2015*

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the City's financial statements. The city uses the accrual basis of accounting.

**NOTE 2 - PROGRAM COSTS**

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

**NOTE 7 – INDIRECT COST RATE**

The amount expended includes \$0.00 claimed as an indirect cost recovery using an approved indirect cost rate of percent. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

# STATISTICAL SECTION

**City of Lynnwood, Washington**  
***Introduction to the Statistical Section***  
***(Unaudited)***

This part of the City of Lynnwood's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

**Contents**

**Exhibits**

**Financial Trends**

I - X

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

**Revenue Capacity**

XI - XVI

These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources is property taxes.

**Debt Capacity**

XVII - XXIII

These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information**

XXIV - XXV

This table offers economic and demographic indicators that are commonly used for financial analysis and that can inform one's understanding the City's present and ongoing financial status.

**Operating Information**

XXVI - XXVIII

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.

***Data Source:***

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in calendar year 2008 therefore only eight years of government-wide financial data is presented.

Exhibit I

City of Lynnwood, Washington  
 Government-wide Net Position by Category<sup>1</sup>  
 Last Eight Calendar Years<sup>2</sup>  
 (Amounts Expressed in \$1,000)  
 (accrual basis of accounting)

	Amounts							
	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
<b>Governmental Activities</b>								
Net investment in capital assets	\$ 101,902	\$ 112,038	\$ 119,542	\$ 103,947	\$ 102,878	\$ 105,273	\$ 108,229	\$ 122,437
Restricted	10,824	5,317	3,434	8,796	6,906	9,357	12,091	13,139
Unrestricted	10,394	1,058	661	8,085	14,259	19,684	22,572	14,382
<b>Subtotal Governmental Activities Net Position</b>	<b>123,120</b>	<b>118,413</b>	<b>123,637</b>	<b>120,828</b>	<b>124,043</b>	<b>134,314</b>	<b>142,892</b>	<b>149,958</b>
<b>Business-type Activities</b>								
Net investment in capital assets	39,047	37,485	36,825	44,192	41,185	39,477	39,111	35,485
Restricted	6,202	5,841	1,733	8,960	5,997	2,759	3,144	1,579
Unrestricted	8,821	8,046	17,138	2,596	6,985	12,388	12,472	14,332
<b>Subtotal Business-type Activities Net Position</b>	<b>54,070</b>	<b>51,372</b>	<b>55,696</b>	<b>55,748</b>	<b>54,167</b>	<b>54,624</b>	<b>54,727</b>	<b>51,396</b>
<b>Primary Government</b>								
Net investment in capital assets	140,949	149,523	156,367	148,139	144,063	144,750	147,340	157,922
Restricted	17,026	11,158	5,167	17,756	12,903	12,116	15,235	14,718
Unrestricted	19,215	9,104	17,799	10,681	21,244	32,072	35,044	28,714
<b>Total Primary Government Net Position</b>	<b>177,190</b>	<b>169,785</b>	<b>179,333</b>	<b>176,576</b>	<b>178,210</b>	<b>188,938</b>	<b>197,619</b>	<b>201,354</b>
<b>Total Percentage Increase or Decrease From Prior Fiscal Year</b>	N/A	-4.2%	5.6%	-1.5%	0.9%	6.0%	4.6%	1.9%
	<b>Percentage of Total</b>							
<b>Governmental Activities</b>								
Net investment in capital assets	82.8%	94.6%	96.7%	86.0%	82.9%	78.4%	75.7%	81.0%
Restricted	8.8%	4.5%	2.8%	7.3%	5.6%	7.0%	8.5%	8.8%
Unrestricted	8.4%	0.9%	0.5%	6.7%	11.5%	14.6%	15.8%	9.6%
<b>Subtotal Governmental Activities Net Position</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Business-type Activities</b>								
Net investment in capital assets	72.2%	73.0%	66.1%	79.3%	76.0%	72.3%	71.5%	69.0%
Restricted	11.5%	11.4%	3.1%	16.1%	11.1%	5.1%	5.7%	3.1%
Unrestricted	16.3%	15.6%	30.8%	4.6%	12.9%	22.6%	22.8%	27.9%
<b>Subtotal Business-type Activities Net Position</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Primary Government</b>								
Net investment in capital assets	79.5%	88.1%	87.2%	83.9%	80.8%	76.6%	74.6%	78.4%
Restricted	9.6%	6.6%	2.8%	10.1%	7.2%	6.4%	7.7%	7.3%
Unrestricted	10.8%	19.3%	6.0%	6.0%	12.0%	17.0%	17.7%	14.3%
<b>Total Primary Government Net Position</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**

<sup>1</sup> Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Washington or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

<sup>2</sup> The City implemented GASB Statement No. 34 in calendar year 2008, therefore, only eight years of government-wide financial data is presented.

**Data Source:**

Applicable years' comprehensive annual financial report.

Exhibit I-A

**City of Lynnwood, Washington**  
**Chart-Total Government-wide Net Position (Unaudited)**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

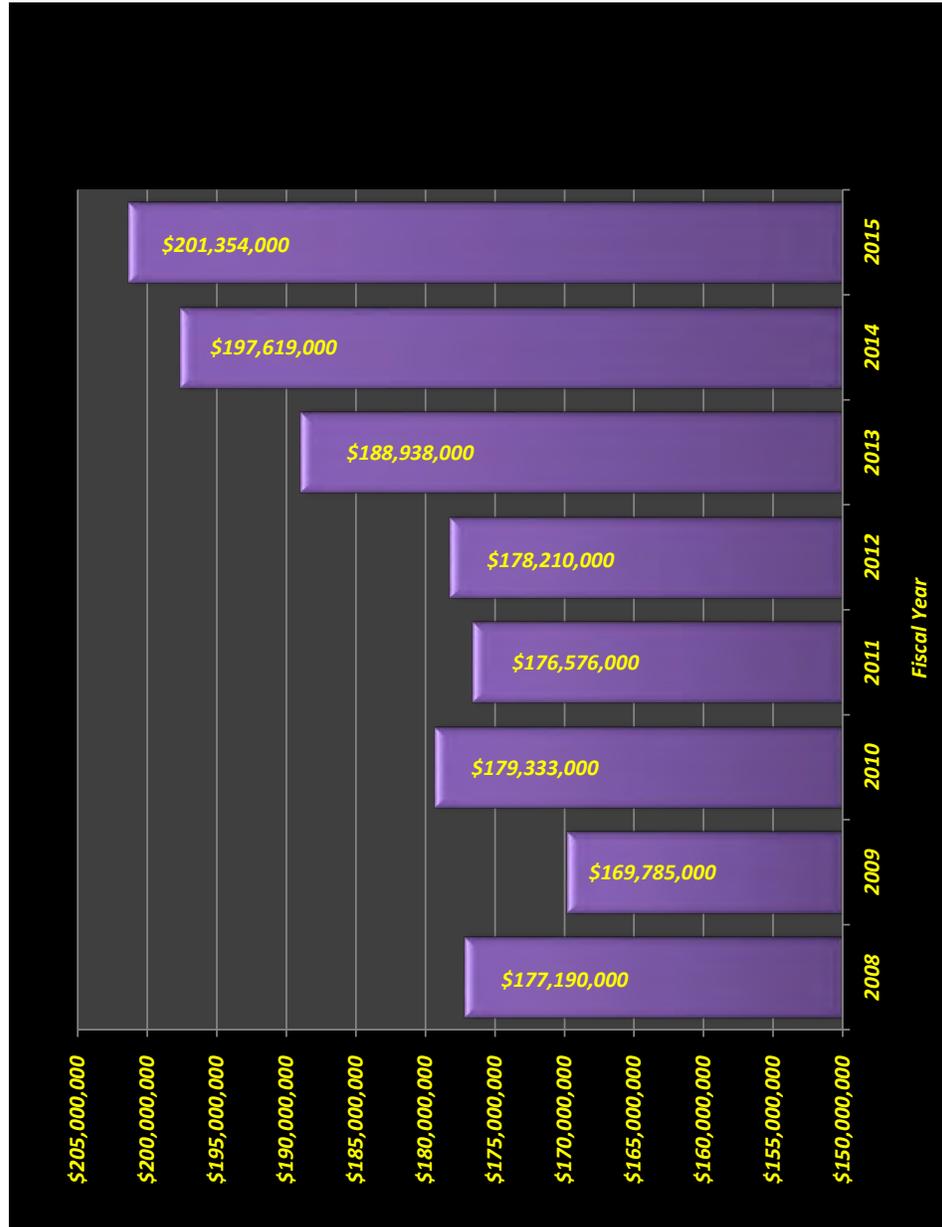


Exhibit II

**City of Lynnwood, Washington**  
**Changes in Net Position - Governmental Activities**  
*Last Eight Calendar Years<sup>1</sup>*  
*(Amounts Expressed in \$1,000)*  
*(accrual basis of accounting)*

	Calendar Year Ended December 31,							
	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>								
General government	\$ 7,947	\$ 8,953	\$ 7,298	\$ 6,661	\$ 7,864	\$ 12,126	\$ 13,938	\$ 11,731
Judicial	-	-	1,174	1,046	1,060	1,567	998	1,080
Public safety	25,203	27,527	25,856	24,493	25,552	26,684	26,272	29,038
Physical environment	4,594	5,027	2,781	1,785	1,985	33	295	-
Transportation	6,052	5,272	5,283	4,255	4,983	7,362	8,843	6,110
Natural environment	-	-	-	-	-	153	110	283
Social services	-	-	-	-	-	408	418	460
Human services	616	718	-	-	-	-	-	-
Economic environment	-	-	3,291	2,834	2,668	2,780	4,230	2,874
Culture and recreation	6,507	7,039	5,789	7,289	7,406	8,250	6,833	6,793
Utilities	-	-	-	-	-	-	-	82
Interest on long-term debt	669	660	749	1,094	1,209	1,119	1,110	1,058
<b>Total Expenses</b>	<b>51,588</b>	<b>55,196</b>	<b>52,221</b>	<b>49,457</b>	<b>52,727</b>	<b>60,482</b>	<b>63,047</b>	<b>59,509</b>
<b>Program Revenues:</b>								
Charges for services:								
General government	6,798	6,563	1,749	2,760	2,683	6,880	4,907	5,262
Culture and recreation	1,913	1,766	1,727	2,185	2,860	2,715	2,695	2,407
Other activities	3,305	2,752	9,761	6,833	7,378	9,944	11,036	6,490
Operating grants and contributions	1,045	1,270	3,965	1,257	1,603	1,495	2,588	1,220
Capital grants and contributions	3,918	4,810	2,577	2,305	1,729	4,947	6,495	11,922
<b>Total Program Revenues</b>	<b>16,979</b>	<b>17,161</b>	<b>19,779</b>	<b>15,340</b>	<b>16,253</b>	<b>25,981</b>	<b>27,721</b>	<b>27,301</b>
<b>Net (Expense) Revenue</b>	<b>(34,609)</b>	<b>(38,035)</b>	<b>(32,442)</b>	<b>(34,117)</b>	<b>(36,474)</b>	<b>(34,501)</b>	<b>(35,326)</b>	<b>(32,208)</b>
<b>General Revenues</b>								
Taxes:								
Property	10,168	10,008	10,387	11,092	11,072	11,515	11,511	11,515
Sales	19,255	15,844	16,151	16,828	18,076	19,070	19,856	21,130
Other	3,752	4,359	6,232	7,996	8,573	10,575	9,878	10,031
Investment earnings	1,643	802	388	271	237	204	168	-
Miscellaneous	617	(79)	1,667	7	(74)	5	14	748
Gain (loss) on disposal of capital assets	-	-	-	-	-	(23)	247	175
<b>Transfers in</b>	<b>496</b>	<b>2,701</b>	<b>696</b>	<b>617</b>	<b>1,387</b>	<b>1,828</b>	<b>1,737</b>	<b>1,869</b>
<b>Total General Revenues</b>	<b>35,931</b>	<b>33,635</b>	<b>35,521</b>	<b>36,811</b>	<b>39,271</b>	<b>43,174</b>	<b>43,411</b>	<b>45,468</b>
<b>Change in Net Position</b>	<b>\$ 1,322</b>	<b>\$ (4,400)</b>	<b>\$ 3,079</b>	<b>\$ 2,694</b>	<b>\$ 2,797</b>	<b>\$ 8,673</b>	<b>\$ 8,085</b>	<b>\$ 13,260</b>

**Notes:**  
<sup>1</sup> The City implemented GASB Statement No. 34 in calendar year 2008, therefore, only eight years of government-wide financial data is presented.

**Data Source:**  
 Applicable years' comprehensive annual financial report.

Exhibit III

**City of Lynnwood, Washington**  
**Changes in Net Position - Business-Type Activities**  
*Last Eight Calendar Years*  
*(Amounts Expressed in \$1,000)*  
*(accrual basis of accounting)*

	Calendar Year Ended December 31,							
	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>								
Water/Sewer/Storm Water Utilities	\$ 11,446	\$ 12,017	\$ 11,612	\$ 12,841	\$ 14,314	\$ 14,297	\$ 14,917	\$ 17,442
Golf	1,019	1,101	1,449	1,082	1,068	977	1,019	1,115
<b>Total Expenses</b>	<b>12,465</b>	<b>13,118</b>	<b>13,061</b>	<b>13,923</b>	<b>15,382</b>	<b>15,274</b>	<b>15,936</b>	<b>18,557</b>
<b>Program Revenues:</b>								
Charges for services:								
Water/Sewer/Storm Water Utilities	11,487	11,750	12,543	13,740	14,348	16,125	17,242	18,292
Golf	1,075	1,070	984	1,067	949	1,083	1,113	1,213
Operating grants and contributions	-	-	-	-	106	-	170	-
Capital grants and contributions	205	96	248	212	124	225	823	111
<b>Total Program Revenues</b>	<b>12,767</b>	<b>12,916</b>	<b>13,775</b>	<b>15,019</b>	<b>15,527</b>	<b>17,433</b>	<b>19,348</b>	<b>19,616</b>
<b>Net (Expense) Revenue</b>	<b>302</b>	<b>(202)</b>	<b>714</b>	<b>1,096</b>	<b>145</b>	<b>2,159</b>	<b>3,412</b>	<b>1,059</b>
Investment earnings	434	205	96	72	50	27	18	16
Miscellaneous	-	-	-	-	-	234	46	2
Disposal of capital assets	-	-	-	2	-	(4)	1	-
<b>Transfers</b>	<b>(496)</b>	<b>(2,701)</b>	<b>(696)</b>	<b>(617)</b>	<b>(1,387)</b>	<b>(1,827)</b>	<b>(1,737)</b>	<b>(1,869)</b>
<b>Total General Revenues</b>	<b>(62)</b>	<b>(2,496)</b>	<b>(600)</b>	<b>(543)</b>	<b>(1,337)</b>	<b>(1,570)</b>	<b>(1,672)</b>	<b>(1,851)</b>
<b>Change in Net Position</b>	<b>\$ 240</b>	<b>\$ (2,698)</b>	<b>\$ 114</b>	<b>\$ 553</b>	<b>\$ (1,192)</b>	<b>\$ 589</b>	<b>\$ 1,740</b>	<b>\$ (792)</b>

**Notes:**

<sup>1</sup> The City implemented GASB Statement No. 34 in calendar year 2008, therefore, only eight years of government-wide financial data is presented.

**Data Source:**

Applicable years' comprehensive annual financial report.

**City of Lynnwood, Washington**  
**Changes in Net Position - Total**  
**Last Eight Calendar Years**  
*(Amounts Expressed in \$1,000)*  
*(accrual basis of accounting)*

	Calendar Year Ended December 31,							
	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>								
Governmental activities <sup>1</sup>	\$ 51,588	\$ 55,196	\$ 52,221	\$ 49,457	\$ 52,727	\$ 60,482	\$ 63,047	\$ 59,509
Business-type activities <sup>2</sup>	12,465	13,118	13,061	13,923	15,382	15,274	15,936	18,557
<b>Total Expenses</b>	64,053	68,314	65,282	63,380	68,109	75,756	78,983	78,066
<b>Program Revenues:</b>								
Governmental activities <sup>1</sup>	16,979	17,161	19,779	15,340	16,253	25,981	27,721	27,301
Business-type activities <sup>2</sup>	12,767	12,916	13,775	15,019	15,527	17,433	19,348	19,616
<b>Total Program Revenues</b>	29,746	30,077	33,554	30,359	31,780	43,414	47,069	46,917
<b>Net (Expense) Revenue</b>	(34,307)	(38,237)	(31,728)	(33,021)	(36,329)	(32,342)	(31,914)	(31,149)
<b>General Revenues:</b>								
Governmental activities <sup>1</sup>	35,931	33,635	35,521	36,811	39,271	43,174	43,411	45,468
Business-type activities <sup>2</sup>	(62)	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)
<b>Total General Revenues</b>	35,869	31,139	34,921	36,268	37,934	41,604	41,739	43,617
<b>Change in Net Position</b>	\$ 1,562	\$ (7,098)	\$ 3,193	\$ 3,247	\$ 1,605	\$ 9,262	\$ 9,825	\$ 12,468

**Notes:**  
<sup>1</sup> The City implemented GASB Statement No. 34 in calendar year 2008, therefore, only eight years of government-wide financial data is presented.

**Data Source:**  
<sup>1</sup> See Exhibit II  
<sup>2</sup> See Exhibit III

Exhibit V

**City of Lynnwood, Washington**  
**Fund Balances - Governmental Funds**  
*Calendar Years 2006 - 2010*  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

	December 31,				
	2006	2007	2008	2009	2010
<b>General Fund</b>					
Reserved	\$ 6,197	\$ 6,197	\$ 6,106	\$ (116)	\$ 4,638
<b>General Fund Percentage Change</b>	N/A	100.0%	-1.5%	-101.9%	-4098.3%
<b>All Other Governmental Funds</b>					
Reserved	2,160	2,038	1,943	2,161	1,992
Unreserved	-	-	-	-	25
Special Revenue Funds	8,935	9,824	6,896	5,305	4,281
Capital Projects Funds	9,092	8,890	8,880	3,173	(16,935)
<b>Subtotal All Other Governmental Funds</b>	20,187	20,752	17,719	10,639	(10,637)
<b>Total Governmental Funds</b>	\$ 26,384	\$ 26,949	\$ 23,825	\$ 10,523	\$ (5,999)
<b>All Governmental Funds Percentage Change</b>	N/A	2.1%	-11.6%	-55.8%	-157.0%

**Notes:**

The City implemented GASB Statement No. 54 in calendar year 2011 (See Exhibit V-A).

Exhibit V-A

**City of Lynnwood, Washington**  
**Fund Balances - Governmental Funds**  
*Calendar Years 2011 - 2015*  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

	December 31,				
	2011	2012	2013	2014	2015
<b>General Fund</b>					
Nonspendable	\$ 910	\$ 721	\$ 434	\$ 2,453	\$ 103
Restricted	88	180	86	87	-
Committed	31	1,033	2,030	5,848	5,815
Assigned	4,716	3,710	2,920	1,502	2,019
Unassigned	6,780	12,580	15,683	8,012	11,493
<b>Total General Fund</b>	<b>\$ 12,525</b>	<b>\$ 18,224</b>	<b>\$ 21,153</b>	<b>\$ 17,902</b>	<b>\$ 19,430</b>
<b>General Fund Percentage Change</b>	<b>0.0%</b>	<b>45.5%</b>	<b>16.1%</b>	<b>-15.4%</b>	<b>8.5%</b>
<b>All Other Governmental Funds</b>					
Restricted	\$ 5,266	\$ 5,983	\$ 8,834	\$ 10,619	\$ 13,138
Committed	1,247	1,715	1,558	1,099	340
Assigned	1,417	486	371	176	-
Unassigned	(26,038)	(1,156)	(1,069)	(142)	-
<b>Total All Other Governmental Funds</b>	<b>\$ (18,108)</b>	<b>\$ 7,028</b>	<b>\$ 9,694</b>	<b>\$ 11,752</b>	<b>\$ 13,478</b>
<b>All Other Governmental Funds Percentage Change</b>	<b>0.0%</b>	<b>-138.8%</b>	<b>37.9%</b>	<b>21.2%</b>	<b>14.7%</b>
<b>Total Governmental Funds</b>	<b>\$ (5,583)</b>	<b>\$ 25,252</b>	<b>\$ 30,847</b>	<b>\$ 29,654</b>	<b>\$ 32,908</b>
<b>All Governmental Funds Percentage Change</b>	<b>0.0%</b>	<b>-552.3%</b>	<b>22.2%</b>	<b>-3.9%</b>	<b>11.0%</b>

**Notes:**  
The City implemented GASB Statement No. 54 in calendar year 2011.

**Data Source:**  
Applicable years' comprehensive annual financial report.



Exhibit VII

City of Lynnwood, Washington  
 Tax Revenues by Source - Governmental Funds (Unaudited)  
 Last Ten Calendar Years  
 (Amounts Expressed in \$1,000)  
 (modified accrual basis of accounting)

For The Calendar Year Ended December 31,	Amounts							Total
	Property	Sales	Franchise Tax	Gambling Tax	Admission Tax	Transient Lodging Tax	Other Taxes	
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	28,450	491	120	617	620	7,726	49,288
2014	11,241	19,128	498	116	604	729	7,016	39,332
2015	11,515	21,130	512	130	604	827	7,261	41,979
% Change in Dollars Over 10 Years	31.4%	8.1%	65.2%	-37.5%	5.2%	63.8%	157.8%	28.3%
	<b>Percentage of Total</b>							
2006	26.8%	59.7%	0.9%	0.6%	1.8%	1.5%	8.6%	100.0%
2007	27.8%	59.7%	1.1%	0.5%	1.8%	1.7%	7.4%	100.0%
2008	30.9%	58.1%	1.2%	0.5%	1.7%	1.8%	5.8%	100.0%
2009	34.3%	52.8%	1.4%	0.6%	1.9%	1.6%	7.4%	100.0%
2010	32.7%	49.3%	1.7%	0.5%	1.9%	1.5%	12.5%	100.0%
2011	31.7%	46.6%	1.3%	0.5%	1.6%	1.5%	16.9%	100.0%
2012	30.1%	47.6%	1.3%	0.4%	1.6%	1.5%	17.5%	100.0%
2013	22.9%	57.7%	1.0%	0.2%	1.3%	1.3%	15.7%	100.0%
2014	28.6%	48.6%	1.3%	0.3%	1.5%	1.9%	17.8%	100.0%
2015	27.4%	50.3%	1.2%	0.3%	1.4%	2.0%	17.3%	100.0%

Notes:

1 Includes primarily gambling taxes, admission taxes, hotel/motel taxes, and real estate excise taxes.

Data Source:

Applicable years' annual financial report.

Exhibit VIII

City of Lynnwood, Washington  
 General Governmental Expenditures by Function (Unaudited) /  
 Last Ten Calendar Years  
 (Amounts Expressed in \$1,000)  
 (modified accrual basis of accounting)

Function	For the Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Current:</b>										
General government	\$ 7,906	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	
Public safety	22,127	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	
Judicial	-	-	-	1,166	1,046	1,060	1,055	997	1,083	
Utilities & environment	-	-	-	-	-	-	1,280	251	201	
Economic environment	-	-	-	-	-	-	2,786	2,997	2,931	
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	5,514	
Social services	498	616	718	-	-	-	6,608	417	460	
Culture and recreation	6,612	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	
<b>Total Current</b>	44,369	47,830	50,538	48,373	46,194	47,507	52,820	47,954	53,300	
<b>% Change From Prior Year</b>	N/A	7.8%	5.7%	-4.3%	-4.5%	2.8%	11.2%	-9.2%	11.1%	
<b>Capital Outlay</b>	2,379	6,524	12,721	23,950	6,884	4,381	4,644	338	8,866	
<b>% Change From Prior Year</b>	N/A	174.2%	95.0%	88.3%	-71.3%	-36.4%	6.0%	-92.7%	2523.1%	
<b>Debt Service</b>										
Principal	1,488	1,501	5,818	1,745	1,276	1,292	1,424	1,295	1,401	
Interest	781	669	643	694	1,017	1,209	1,172	1,119	1,058	
Other charges	-	-	-	-	-	217	-	-	-	
<b>Total Debt Service</b>	2,269	2,170	6,461	2,439	2,293	2,718	2,596	2,414	2,459	
<b>% Change From Prior Year</b>	N/A	-4.4%	197.7%	-62.3%	-6.0%	18.5%	-4.5%	-7.0%	1.9%	
<b>Total Expenditures</b>	\$ 49,017	\$ 56,524	\$ 69,720	\$ 74,762	\$ 55,371	\$ 54,606	\$ 60,060	\$ 50,706	\$ 64,625	
<b>% Change From Prior Year</b>	N/A	15.3%	23.3%	7.2%	-25.9%	-1.4%	10.0%	-15.6%	27.5%	
<b>Debt Service as a % of Noncapital Expenditures</b>	4.9%	4.3%	11.3%	4.8%	4.7%	5.4%	4.7%	4.8%	4.4%	

Notes:

/ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

Exhibit IX

City of Lynnwood, Washington  
**General Governmental Current Expenditures by Function (Unaudited) <sup>1</sup>**  
*Last Ten Calendar Years*  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

Function	For the Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
										Amounts
<b>Current:</b>										
General government	\$ 7,906	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	
Public safety	22,127	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	
Judicial	-	-	-	1,166	1,046	1,060	1,055	997	1,083	
Utilities & environment	-	-	-	-	-	-	1,280	251	201	
Economic environment	-	-	-	-	-	-	2,786	2,997	2,931	
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	5,514	
Social services	498	616	718	-	-	-	6,608	417	460	
Culture and recreation	6,612	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	
<b>Total Current</b>	<b>\$ 44,369</b>	<b>\$ 47,830</b>	<b>\$ 50,538</b>	<b>\$ 48,373</b>	<b>\$ 46,194</b>	<b>\$ 47,507</b>	<b>\$ 52,820</b>	<b>\$ 47,954</b>	<b>\$ 53,300</b>	
										Percentage of Total
<b>Current:</b>										
General government	17.8%	18.3%	19.0%	18.3%	17.4%	17.5%	15.8%	20.7%	16.8%	
Public safety	49.9%	50.2%	52.4%	50.9%	51.6%	51.8%	47.9%	54.6%	53.0%	
Judicial	0.0%	0.0%	0.0%	2.4%	2.3%	2.2%	2.0%	2.1%	2.0%	
Utilities & environment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.5%	0.4%	
Economic environment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	6.2%	5.5%	
Physical environment	9.9%	9.8%	10.0%	12.2%	10.6%	9.9%	0.0%	0.2%	0.0%	
Transportation	6.4%	7.8%	4.0%	5.2%	4.2%	5.3%	12.5%	3.0%	10.3%	
Social services	1.1%	1.3%	1.4%	0.0%	0.0%	0.0%	8.8%	0.9%	0.9%	
Culture and recreation	14.9%	12.6%	13.0%	11.0%	13.8%	13.2%	8.8%	11.9%	11.0%	
<b>Total Current</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

**Notes:**  
<sup>1</sup> Includes all governmental fund types.

**Data Source:**  
 Applicable years' annual financial report.

Exhibit X

City of Lynnwood, Washington  
 Summary of Changes in Fund Balances - Governmental Funds (Unaudited)  
 Last Ten Calendar Years  
 (Amounts Expressed in \$1,000)  
 (modified accrual basis of accounting)

	For the Calendar Year Ended December 31,									
Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Total Revenues</b>	\$ 50,610	\$ 52,938	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	
<b>Total Expenditures</b>	49,017	56,524	69,720	74,762	55,371	54,606	60,060	50,706	64,625	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,593	(3,586)	(20,283)	(19,974)	(2,292)	1,224	(565)	(4,815)	1,858	
<b>Other Financing Sources</b>										
Transfers in	6,521	11,875	16,650	8,141	6,084	33,998	7,568	2,311	7,687	
Transfers out	(7,640)	(11,919)	(14,296)	(7,495)	(5,672)	(30,958)	(5,435)	(3,527)	(5,818)	
Refunding bonds issued	-	-	4,755	-	-	-	-	-	-	
Bond issued	-	-	-	-	-	24,955	-	-	-	
Premium on bonds	-	-	-	-	-	428	-	-	-	
Insurance recoveries	-	-	-	-	-	1	2	-	(2)	
Sale of capital assets	-	702	4	2,819	3,531	1	-	368	-	
<b>Total Other Financing Sources</b>	(1,119)	658	7,113	3,465	3,943	28,425	2,135	(848)	1,867	
<b>Net Change in Fund Balances</b>	\$ 474	\$ (2,928)	\$ (13,170)	\$ (16,509)	\$ 1,651	\$ 29,649	\$ 1,570	\$ (5,663)	\$ 3,725	

**Data Source:**

Applicable years' annual financial report.

Exhibit XI

City of Lynnwood, Washington  
 Taxable Assessed Value of Property  
 Last Ten Calendar Years

Calendar Year Ended December 31,	Total Direct Tax Rate <sup>1</sup>	Total Assessed Value <sup>2,3</sup>	Annual Percentage Change
2006	2.1600	\$ 3,966,328,334	15.4%
2007	2.0900	4,625,214,437	16.6%
2008	1.9100	5,207,253,142	12.6%
2009	1.8700	5,417,851,993	4.0%
2010	2.0000	5,237,466,464	-3.3%
2011	2.3700	4,726,403,303	-9.8%
2012	2.6500	4,207,375,958	-11.0%
2013	2.7400	4,077,655,634	-3.1%
2014	2.5700	4,404,126,247	8.0%
2015	2.4504	4,771,220,851	8.3%

Notes:

- <sup>1</sup> Tax rates expressed in rate per \$1,000.
- <sup>2</sup> All property is assessed at 100% of fair market value.
- <sup>3</sup> Assessed value by property classes is not available.

Data Source:

Snohomish County Tax Assessor's Annual Report

Exhibit XII

**City of Lynnwood, Washington**  
**Direct and Overlapping Property Tax Rates**  
*Last Ten Calendar Years*  
*(rate per \$1,000 of assessed taxable value)*

Calendar Year	Direct				Overlapping				Grand Total
	General Fund	Special Revenue Funds	City of Lynnwood Total	Edmonds School District	Snohomish County	Wash. State	Other		
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	
2015	1.98	0.47	2.45	4.93	1.00	2.28	0.57	11.23	

**Data Source:**

Snohomish County Assessor's Office, <http://assessor.snoco.org/forms/FormStore/AnnualReport.pdf>

City of Lynnwood, Washington  
Property Tax Levies and Collections  
Last Ten Calendar Years

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years <sup>1</sup>	Total Collections to Date		Total Uncollected Taxes <sup>2</sup>	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2006	\$ 8,554,006	\$ 8,396,237	98.16%	\$ 169,393	\$ 8,565,630	100.14%	\$ (11,624)	-0.14%
2007	8,634,738	9,414,049	109.03%	96,465	9,510,514	110.14%	(875,776)	-10.14%
2008	9,962,083	9,776,666	98.14%	169,918	9,946,584	99.84%	15,499	0.16%
2009	10,130,180	9,864,428	97.38%	143,163	10,007,591	98.79%	122,589	1.21%
2010	10,497,809	10,204,634	97.21%	181,039	10,385,673	98.93%	112,136	1.07%
2011	11,199,322	10,900,599	97.33%	188,358	11,088,957	99.01%	110,365	0.99%
2012	11,147,913	10,861,252	97.43%	219,981	11,081,233	99.40%	66,680	0.60%
2013	11,162,474	10,975,171	98.32%	214,056	11,189,227	100.24%	(26,753)	-0.24%
2014	11,325,709	11,124,426	98.22%	183,028	11,307,454	99.84%	18,255	0.16%
2015	11,670,607	11,520,374	98.71%	111,829	11,632,203	99.67%	38,404	0.33%

Notes:

<sup>1</sup> The amounts are reported in the year to which they apply, not to the year collected.

<sup>2</sup> The amounts reported in the total uncollected taxes column are cumulative totals for all tax levies as of the end of each fiscal year.

Data Source:

Snohomish County Tax Assessor's Annual Report

Exhibit XIV

**City of Lynnwood, Washington**  
**Principal Property Taxpayers**  
**Calendar Year Ended December 31, 2015 and 2006**

2015				2006			
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank
Alderwood Mall LLC	Retail Sales	\$ 132,673,558	1	Alderwood Mall LLC	Retail Sales	\$ 129,297,400	1
Alderwood Plaza LLC	Retail Sales	37,987,154	2	RREEF Management Co	Property Management	30,874,000	2
ECI Three Alderwood LLC	Real Estate Management	36,584,000	3	Lynnwood Center LLC	Retail Sales	27,776,634	3
Redstone Corporate Center LLC	Property Management	35,225,500	4	Verizon Northwest Inc	Commercial	24,732,974	4
Lynnwood Center LLC	Retail Sales	31,028,000	5	Transwestern Lynnwood LLC	Real Estate Management	22,834,400	5
Alderwood Heights Associates II LLC	Apartments	28,584,320	6	Alderwood Plaza LLC	Retail Sales	21,183,300	6
Macy's	Retail Sales	28,350,000	7	Alderwood Shopping Center 04 E LLC	Retail Sales	18,627,400	7
Fred Meyer Stores Inc	Retail Sales	23,902,500	8	Windsor Capital Group	Property Management	17,972,400	8
FO Lynnwood Property LLC	Real Estate Management	23,418,500	9	Lynnwood Square	Retail Sales	16,874,400	9
Whispering Cedars Associations	Apartments	2,112,000	10	Astoria Realty Inc	Real Estate Management	15,337,800	10
<b>Total Principal Taxpayers</b>		<b>379,865,532</b>		<b>Total Principal Taxpayers</b>		<b>325,510,708</b>	
<b>All Other Taxpayers</b>		<b>4,391,355,319</b>		<b>All Other Taxpayers</b>		<b>3,966,328,334</b>	
<b>Total</b>		<b>\$ 4,771,220,851</b>		<b>Total</b>		<b>\$ 4,291,839,042</b>	

**Data Source:**  
 Snohomish County Assessor's Office

Exhibit XV

**City of Lynnwood, Washington**  
**Direct and Overlapping Sales Tax Rates**  
*Last Ten Calendar Years*

Calendar Year	Overlapping					Total Direct and Overlapping Rate
	Direct City	Local Transit	Regional Transit Authority	Snohomish County	State of Washington	
2006	1.00%	0.90%	0.40%	0.10%	6.50%	8.90%
2007	1.00%	0.90%	0.40%	0.10%	6.50%	8.90%
2008	1.00%	0.90%	0.40%	0.10%	6.50%	8.90%
2009	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2010	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2011	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2012	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2013	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2014	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%
2015	1.00%	0.90%	0.90%	0.20%	6.50%	9.50%

**Data Source :**

State of Washington, Department of Revenue

Exhibit XVI

City of Lynnwood, Washington  
Principal Sales Taxpayers  
Calendar Years 2015 and 2006

2015		2006*	
Principal Taxpayers	Taxes Paid	Rank	% of Taxes Paid
Clothing Retailer	\$ 722,203	1	3.7%
Department Store	591,300	2	3.0%
Auto Dealership	575,357	3	2.9%
Department Store	492,082	4	2.5%
Auto Dealership	449,548	5	2.3%
Department Store	407,041	6	2.1%
Auto Dealership	413,236	7	2.1%
Department Store	353,419	8	1.8%
Department Store	290,990	9	1.5%
Software/Hardware Provider	275,936	10	1.4%
<b>Total Principal Taxpayers</b>	<b>4,571,112</b>		<b>23.2%</b>
<b>All Other Taxpayers</b>	<b>15,152,219</b>		<b>76.8%</b>
<b>Total Paid</b>	<b>\$ 19,723,331</b>		<b>100.0%</b>

2006*		2006*	
Principal Taxpayer Category	Taxes Paid	Rank	% of Taxes Paid
Automotive/Gas	\$ 3,059,880	1	15.7%
General Merchandise	2,326,330	2	11.9%
Apparel & Accessories	2,169,493	3	11.1%
Eating & Drinking	1,275,426	4	6.5%
Furniture	881,811	5	4.5%
Misc. Retail Trade	846,351	6	4.3%
Building Materials	600,387	7	3.1%
Food Stores	187,119	8	1.0%
<b>Total Principal Taxpayers</b>	<b>11,346,797</b>		<b>58.0%</b>
<b>All Other Taxpayers</b>	<b>8,203,568</b>		<b>42.0%</b>
<b>Total Paid</b>	<b>\$ 19,550,365</b>		<b>100.0%</b>

Data Source:

State of Washington, Department of Revenue  
\*2006 Available by Category, not by business

Exhibit XVII

**City of Lynnwood, Washington**  
**Ratios of Total Debt Outstanding by Type**  
*Last Ten Fiscal Years*

December 31,	Governmental Activities			Business-type Activities		Total Outstanding Debt	Personal Income <sup>1</sup>	Percentage of Total Personal Income <sup>2</sup>	Estimated Population <sup>1</sup>	Total Debt Per Capita
	General Obligation Bonds	Special Assessment Bonds	Total	Revenue Bonds	Total					
2006	\$ 8,367,053	\$ 5,920,000	\$ 14,287,053	\$ 7,317,631	\$ 21,604,684	\$ 512,769,196	4.21%	35,230	\$ 613	
2007	7,342,883	5,475,000	12,817,883	6,373,421	19,191,304	560,909,012	3.42%	35,490	541	
2008	6,252,663	5,095,000	11,347,663	10,000,000	21,347,663	568,697,224	3.75%	35,680	598	
2009	5,604,694	4,565,000	10,169,694	9,165,000	19,334,694	574,488,965	3.37%	35,740	541	
2010	22,835,546	3,930,000	26,765,546	15,856,515	42,622,061	603,899,840	4.02%	35,836	1,189	
2011	28,051,771	3,430,000	31,481,771	14,756,515	46,238,286	619,492,047	3.47%	35,860	1,289	
2012	27,522,029	3,185,000	30,707,029	13,595,758	44,302,787	674,638,431	6.57%	35,900	1,234	
2013	26,673,142	2,125,000	28,798,142	12,410,000	41,208,142	675,765,961	6.10%	35,960	1,146	
2014	25,818,178	1,670,000	27,488,178	11,870,000	39,358,178	714,404,916	5.51%	36,485	1,079	
2015	24,935,221	1,105,000	26,040,221	37,107,602	63,147,823	722,144,329	8.74%	36,420	1,734	

**Notes:**

<sup>1</sup> Exhibit XXV

<sup>2</sup> Column M/Column Q

*Exhibit XVIII*

**City of Lynnwood, Washington**  
**Ratios of Total Debt Outstanding by Type**  
**Last Ten Calendar Years**

Calendar Year	G.O. Bonds <sup>1</sup>	Percentage of Actual Taxable Value of		Estimated Population	Debt Per Capita
		Property	Population		
2006	\$ 8,367,053	0.21%		35,230	\$ 237
2007	7,342,883	0.16%		35,490	207
2008	6,252,663	0.12%		35,680	175
2009	5,604,694	0.10%		35,740	157
2010	22,835,546	0.44%		35,836	637
2011	28,051,771	0.59%		19,990	1,403
2012	27,522,029	0.65%		35,900	767
2013	26,673,142	0.65%		35,960	742
2014	25,818,178	0.59%		36,485	708
2015	24,935,221	0.52%		36,420	685

**Notes:**

<sup>1</sup> Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

*Exhibit XIX*

**City of Lynnwood, Washington**  
**Direct and Overlapping Debt**  
*December 31, 2015*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt Repaid With Property Taxes</b>			
<b>Overlapping Debt <sup>2</sup></b>			
Edmonds School District	\$ 321,865,000	23.87%	\$ 76,829,176
Public Hospital District #2	4,390,000	22.18%	973,702
Snohomish County	410,279,775	5.54%	22,729,500
<b>Total Overlapping Debt</b>	<b>736,534,775</b>		<b>77,802,878</b>
<b>City Direct Debt <sup>3</sup></b>	<b>26,040,221</b>	<b>100%</b>	<b>26,040,221</b>
<b>Total Direct and Overlapping Governmental Debt</b>			<b>\$ 103,843,099</b>

**Notes:**

<sup>1</sup> Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's geographic boundaries and dividing it by each government's total assessed valuation.

<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

**Data Source:**

<sup>3</sup> Exhibit XVIII

**City of Lynnwood, Washington**  
**Legal Debt Margin - 2.5% Limit for General Purpose**  
*Last Ten Calendar Years*

	December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assessed Value</b> <sup>1</sup>	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	\$ 4,771,220,851
<b>Legal Debt Margin</b> <sup>2</sup>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 119,280,521
Debt applicable to limit:										
General obligation debt	8,367,053	7,342,883	6,252,663	5,604,694	22,835,546	28,051,771	27,522,029	26,673,142	25,818,178	24,935,221
Add: Available assets	331,943	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110
Total debt applicable to limit	8,035,110	6,971,139	5,951,955	5,083,956	22,315,499	27,214,108	26,962,273	26,368,619	25,653,074	24,771,111
Legal debt margin	\$ 91,123,098	\$ 108,659,222	\$ 124,229,374	\$ 130,362,344	\$ 108,621,163	\$ 90,945,975	\$ 78,222,126	\$ 75,572,772	\$ 84,450,082	\$ 94,509,410
As a percentage of debt limit	91.90%	93.97%	95.43%	96.25%	82.96%	76.97%	74.37%	74.13%	76.70%	79.23%

**Notes:**

<sup>2</sup> Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

**Data Source:**

<sup>1</sup> Exhibit XVII

City of Lynnwood, Washington  
 Legal Debt Margin - Up to 1.5% Debt Without A Vote  
 Last Ten Calendar Years

	December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assessed Value</b> <sup>1</sup>	\$ 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	\$ 4,771,220,851
<b>Legal Debt Margin</b> <sup>2</sup>										
Debt limit (1.5% of assessed value)	\$ 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	\$ 71,568,313
Debt applicable to limit:										
General obligation debt	8,367,053	7,342,883	6,252,663	5,604,694	22,835,546	28,051,771	27,522,029	26,673,142	25,818,178	24,935,221
Add: Available assets	331,943	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110
Total debt applicable to limit	8,035,110	6,971,139	5,951,955	5,083,956	22,315,499	27,214,108	26,962,273	26,368,619	25,653,074	24,771,111
Legal debt margin	\$ 51,459,815	\$ 62,407,078	\$ 72,156,842	\$ 76,183,824	\$ 56,246,498	\$ 43,681,942	\$ 36,148,366	\$ 34,796,216	\$ 40,408,820	\$ 46,797,202
As a percentage of debt limit	86.49%	89.95%	92.38%	93.74%	71.60%	61.61%	57.28%	56.89%	61.17%	65.39%

Notes:

<sup>2</sup> Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

Data Source:

<sup>1</sup> Exhibit IX

City of Lynnwood, Washington  
 Legal Debt Margin - 1% General Purposes Debt With a Vote  
 Last Ten Calendar Years

	December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assessed Value</b> <sup>1</sup>	\$ 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	\$ 4,771,220,851
<b>Legal Debt Margin</b> <sup>2</sup>										
Debt limit (1% of assessed value)	\$ 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	\$ 47,712,209
Debt applicable to limit:										
General obligation debt	8,367,053	7,342,883	6,252,663	5,604,694	22,835,546	28,051,771	27,522,029	26,673,142	25,818,178	24,935,221
Add: Available assets	331,943	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110
Total debt applicable to limit	8,035,110	6,971,139	5,951,955	5,083,956	22,315,499	27,214,108	26,962,273	26,368,619	25,653,074	24,771,111
Legal debt margin	\$ 31,628,173	\$ 39,281,005	\$ 46,120,576	\$ 49,094,564	\$ 30,059,166	\$ 20,049,925	\$ 15,111,487	\$ 14,407,937	\$ 18,388,188	\$ 22,941,098
As a percentage of debt limit	79.74%	84.93%	88.57%	90.62%	57.39%	42.42%	35.92%	35.33%	41.75%	48.08%

Notes:

<sup>2</sup> Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

Data Source:

<sup>1</sup> Exhibit IX

Exhibit XXIII

**City of Lynnwood, Washington**  
**Legal Debt Margin - 2.5% Utility Purpose Limit Voted**  
*Last Ten Calendar Years*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assessed Value <sup>1</sup></b>	\$ 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	\$ 4,771,220,851
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 119,280,521
Debt applicable to limit:										
General obligation debt	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 119,280,521
As a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Notes:**

<sup>2</sup> Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

**Data Source:**

<sup>1</sup> Exhibit IX

**City of Lynnwood, Washington**  
**Legal Debt Margin - 2.5% Open Space, Park and Capital Facilities Voted**  
*Last Ten Calendar Years*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Assessed Value</b> <sup>1</sup>	\$ 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	\$ 4,771,220,851
<b>Legal Debt Margin</b> <sup>2</sup>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 119,280,521
Debt applicable to limit:										
General obligation debt	8,367,053	7,342,883	6,252,663	5,604,694	22,835,546	28,051,771	27,522,029	26,673,142	25,818,178	24,935,221
Add: Available assets	331,943	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110
Total debt applicable to limit	8,035,110	6,971,139	5,951,955	5,083,956	22,315,499	27,214,108	26,962,273	26,368,619	25,653,074	24,771,111
Legal debt margin	\$ 91,123,098	\$ 108,659,222	\$ 124,229,374	\$ 130,362,344	\$ 108,621,163	\$ 90,945,975	\$ 78,222,126	\$ 75,572,772	\$ 84,450,082	\$ 94,509,410
As a percentage of debt limit	91.90%	93.97%	95.43%	96.25%	82.96%	76.97%	74.37%	74.13%	76.70%	79.23%

**Notes:**

<sup>2</sup> Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocate equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

**Data Source:**

<sup>1</sup> Exhibit IX

Exhibit XXIV

City of Lynnwood, Washington  
Pledged Revenue Coverage  
Last Ten Calendar Years

Calendar Year	Operating Revenues	Less Operating Expenses <sup>1</sup>	Net Available Revenues	Principal	Interest	Total	Fixed Charges Coverage Ratio
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	11,829,862	9,597,096	2,232,766	905,000	332,023	1,237,023	1.80
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	522,896	1,692,896	2.97
2014	18,187,155	14,035,457	4,151,698	540,000	476,063	1,016,063	4.09
2015	18,292,097	13,646,177	4,645,920	1,002,836	512,298	1,515,134	3.07

Notes:

<sup>1</sup> Includes all operating expenses of the City excluding depreciation and interest.

**City of Lynnwood, Washington**  
*Demographic and Economic Statistics*  
 Last Ten Calendar Years

Calendar Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Personal Per Capita Income <sup>3</sup>	Median Age <sup>4</sup>	School Enrollment <sup>5</sup>	Unemployment Rate		
						City <sup>6</sup>	Washington State <sup>6</sup>	United States <sup>7</sup>
2006	35,230	\$ 512,769,196	\$ 14,555	36.2	10,828	4.1%	3.8%	4.6%
2007	35,490	560,909,012	15,805	36.3	10,336	4.5%	3.4%	4.6%
2008	35,680	568,697,224	15,939	36.5	9,840	5.2%	5.6%	5.6%
2009	35,740	574,488,965	16,074	36.7	7,438	9.5%	9.7%	9.5%
2010	35,836	603,899,840	16,852	37.0	5,582	9.2%	9.1%	9.4%
2011	35,860	619,492,047	17,275	37.4	6,264	8.9%	7.8%	9.1%
2012	35,900	674,638,431	18,792	37.7	7,370	7.2%	6.1%	8.2%
2013	35,960	675,765,961	18,792	38.0	9,107	5.3%	5.3%	7.5%
2014	36,485	714,404,916	19,581	36.5	10,799	5.3%	4.7%	6.1%
2015	36,420	722,144,329	19,828	38.6	9,417	5.0%	5.0%	5.3%

**Notes:**

<sup>3</sup> Estimated - per income divided by population.

**Data Source:**

<sup>1</sup> Washington State Office of Financial Management, <http://www.ofm.wa.gov/pop/poptrends/poptrends.pdf>

<sup>2</sup> Washington State Office of Financial Management, <http://www.ofm.wa.gov/databook/pdf/economy.pdf>

<sup>4</sup> Washington State, Employment Security Department. Figures are for Snohomish County.

<sup>5</sup> Office of Superintendent of Public Instruction, Washington State Report Card

<sup>6</sup> U.S. Department of Labor, Bureau of Labor Statistics, Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area, <http://data.bls.gov/cgi-bin/surveymost?la+53>

<sup>7</sup> U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/cps/cpsaat1.pdf>

Exhibit XXV

**City of Lynnwood, Washington**  
**Principal Employers**  
**For the Calendar Years Ended December 31, 2015 and 2006**

Employer	2015			2006				
	Product/Service	Number of Employees	Rank	Percentage of Total City Employment	Product/Service	Number of Employees	Rank	Percentage of Total City Employment
Edmonds School District	Public Education	2,965	1	42.07%				
City of Lynnwood	Government	513	2	7.28%				
Nordstrom	Retail	490	3	6.95%				
Costco Wholesale Corp	Wholesale Warehouse	488	4	6.92%				
Macy's	Retail	366	5	5.19%				
Fred Meyer Stores	Retail	306	6	4.34%				
JC Penney Corp	Retail	241	7	3.42%				
ADP LLC	Payroll	211	8	2.99%				
Zamiez Inc	Retail Corp Headquarters	211	9	2.99%				
Target Corp	Retail	181	10	2.57%				
<b>Total Principal Employers</b>		5,972		84.73%				
<b>Total Employers <sup>1</sup></b>		1,076		15.27%				
<b>Total Employers</b>		7,048		100.00%				
Employer	Product/Service	Number of Employees	Rank	Percentage of Total City Employment	Product/Service	Number of Employees	Rank	Percentage of Total City Employment
Nordstrom Inc	Retail	431	1	9.95%				
Volunteers of America	Retail	350	2	8.08%				
Macy's	Retail	340	3	7.85%				
J C Penney Corp	Retail	263	4	6.07%				
Fred Meyers	Retail	224	5	5.17%				
Sears	Retail	195	6	4.50%				
Target	Retail	185	7	4.27%				
Armstrong In-Home Care	Medical	183	8	4.22%				
Armstrong In-Home Care	Medical	148	9	3.42%				
Claim Jumpers	Restaurant	142	10	3.28%				
<b>Total Principal Employers</b>		2,461		56.81%				
<b>Other Employers</b>		1,871		43.19%				
<b>Total Employers <sup>1</sup></b>		4,332		100.00%				

**Data Source:**  
<sup>1</sup> The total employers were estimated by City management.

Exhibit XXVII

City of Lynnwood, Washington  
 City Employees by Function/Program  
 Last Ten Calendar Years

Function/Program	December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>	95.60	97.25	91.50	117.34	117.34	79.67	79.67	84.41	82.06	84.00
Public safety										
Police										
Officer	68.50	72.50	77.00	85.00	85.00	75.00	75.00	72.60	71.60	87.00
Civilians	14.00	14.00	16.00	15.00	15.00	12.00	12.00	13.00	14.00	11.00
Detention and corrections	13.00	15.00	16.00	16.00	16.00	17.00	17.00	16.00	16.00	15.00
Animal control	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
<b>Fire</b>										
Firefighters, medics and officers	55.00	55.00	57.00	60.00	60.00	53.00	53.00	58.00	57.00	42.50
Civilians	2.15	2.15	3.00	3.40	3.40	1.40	1.40	1.50	2.50	2.50
<b>Public Works</b>										
Engineering and inspections	17.00	16.00	24.50	20.63	20.63	20.75	20.75	18.00	20.50	15.40
Street maintenance	25.00	20.00	20.00	12.00	12.00	11.00	11.00	9.15	9.15	18.40
Water	9.00	9.00	5.00	10.00	19.00	9.00	9.00	9.00	9.35	9.40
Sewer	17.00	17.00	15.00	19.00	19.00	19.00	19.00	19.00	20.00	22.40
Storm drainage	4.00	4.00	4.00	6.00	6.00	10.00	10.00	10.00	11.00	5.40
<b>Culture and Recreation</b>	48.25	49.60	51.00	56.97	56.97	46.83	46.83	41.98	41.98	38.50
<b>Total</b>	370.50	373.50	382.00	423.34	432.34	355.65	355.65	353.64	356.14	352.50
<b>Percentage Change From Prior Year</b>	0.6%	0.8%	2.3%	10.8%	2.1%	-17.7%	0.0%	-0.6%	0.7%	-1.0%

Data Source:  
 City budgets

City of Lynnwood, Washington  
 Operating Statistics by Program  
 Last Four Calendar Years <sup>1</sup>

	December 31,			
	2012	2013	2014	2015
<b>General Government</b>				
Building permits	2,225	2,247	2,423	3,278
<b>Public Safety</b>				
Police				
Inmates booked	4,269	4,065	4,047	4,628
Physical arrests (UCR)				
Adults	2,345	2,226	2,430	2,251
Juveniles	438	431	362	283
<b>Municipal Court</b>				
Traffic Violations	7,834	7,001	6,641	8,030
Parking/PE	26,478	24,700	29,301	34,378
Criminal violations	3,293	2,443	2,320	2,168
DUI/Physical Control	448	304	221	211
<b>Fire</b>				
Number of calls answered	7,046	6,940	6,963	7,636
Inspections	3,806	5,171	4,958	5,960
<b>Transportation</b>				
Potholes repaired	52	81	28	125
<b>Culture and Recreation</b>				
Total recreation program registrations (net)	27,376	29,022	29,857	28,849
Recreation center usage	248,517	256,129	244,183	263,998
<b>Water</b>				
Average daily consumption (CCF)	3,850	3,952	3,960	4,094
Hydrant inspected/repaired/replacement	1,623	1,705	1,106	692
<b>Sewer</b>				
Average daily sewer treatment (MGD)	4.64	4.15	4.52	4.17
<b>Finance</b>				
Number of public disclosure requests	na	272	453	562

Exhibit XXIX

**City of Lynnwood, Washington**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
*Last Four Calendar Years*

Function/program	December 31,			
	2012	2013	2014	2015
<b>Public Safety</b>				
Police				
Number of Stations	1	1	1	1
Number of Police Units	81	81	79	85
Fire				
Number of Stations	2	2	2	2
<b>Transportation</b>				
Miles of streets, lane miles	272	272	272	272
Number of signals	55	55	55	55
Number of street lights	356	356	373	370
<b>Culture and recreation</b>				
Number of parks	16	17	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	120.94 acres	123.96 acres
Miles of trails outside of parks	6.78	6.78	6.78	8
Golf courses	1	1	1	1
Recreation center	1	1	1	1
Senior center	1	1	1	1
<b>Water</b>				
Number of consumers	8,053	8,053	8,538	8,558.0
Miles of water mains	169	-	162	135.6
Fire hydrants	1,007.00	1,007	1,043	1,045.0
<b>Sewer</b>				
Miles of sanitary sewers	96.9	96.9	106.7	106.4
Number of sewer customers	8514	8,514	8,071	8,083.0
Maximum monthly treatment plant capacity	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD

