

# 2016 Comprehensive

- Annual
- Financial
- Report



Lynnwood's Fair on 44th, 2016



**CITY OF LYNNWOOD**  
WASHINGTON

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# **CITY OF LYNNWOOD, WASHINGTON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended

December 31, 2016

Prepared by:

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**CITY OF LYNNWOOD, WASHINGTON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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# INTRODUCTORY SECTION

June 22, 2017

The Honorable Nicola Smith, Mayor  
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, 2016. 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 for 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 are 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. Those controls include Lynnwood's recently-revised Financial Policies, which have been recognized by the Municipal Research and Services Center (MRSC) as exemplary policies worthy of emulation by others.

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 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.

As mentioned above, 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 led 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. The 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 2016, the City accounted for 4,860 business licenses. Value-added new construction during 2016 exceeded \$112.7 million, and is projected to exceed \$103 million during 2017. Local businesses employ more than 21,700 people.

The City has one of the lowest property tax levy rates in the Puget Sound region. For 2016, the General Levy rate was \$2.30 per \$1,000 of assessed valuation [which includes a special levy of \$0.44 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, Volvo and CarMax. 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 2016, Lynnwood received a lodging tax distribution of \$797,400, a 3.6 percent decrease from 2015. 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. 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 completing the deployment of 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 \$7.8 million in 2016.

Projects completed or in progress in 2016 ranged from treatment plan upgrades, roadway construction, and infrastructure improvements to significant trail and park improvements. Investments in capital assets of the City's utilities amounted to \$26.5 million in 2016.

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. During 2016, the region's electorate approved a taxing measure that will extend the Lynnwood Link corridor northward to the City of Everett.

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 under construction now.

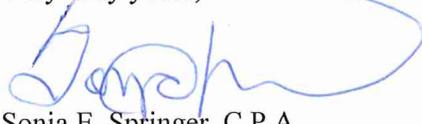
### **ACKNOWLEDGEMENTS**

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, Cyndie Eddy, Sherri Gordon, Kim Koronko, Janella Lewis, Marilou Moore, 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.

Very truly yours,



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



# ELECTED AND APPOINTED OFFICIALS

(As Of December 31, 2016)



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

## CITY COUNCIL



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



Benjamin Goodwin  
Council Vice-President  
Position 5—*Term Expires 2019*



Ian Cotton  
Position 2  
*Term Expires 2017*



Ruth Ross  
Position 3  
*Term Expires 2017*



Shirley Sutton  
Position 4  
*Term Expires 2019*



George Hurst  
Position 6  
*Term Expires 2019*



Shannon Sessions  
Position 7  
*Term Expires 2019*

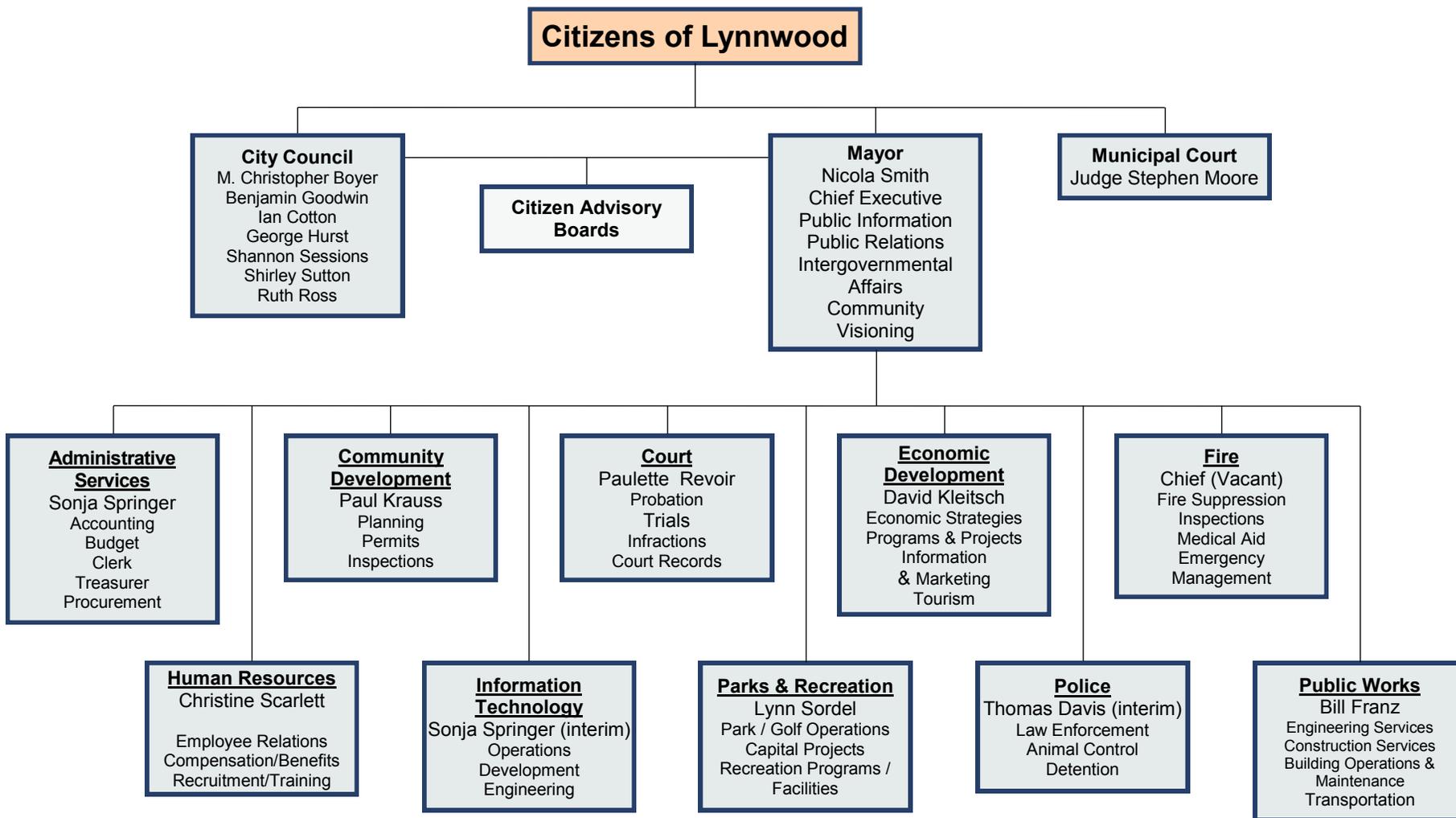
## EXECUTIVE STAFF & LEGAL COUNSEL

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  
Economic Development Director  
Court Administrator  
City Attorney

Art Ceniza  
Sonja Springer  
Sonja Springer (Interim)  
Tom Davis (Interim)  
Brad Reading  
William Franz  
Paul Krauss  
Lynn Sordel  
Christine Scarlett  
David Kleitsch  
Paulette Revoir  
Inslee, Best, Doezie & Ryder, P.S.



# 2016 Organizational Chart



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# FINANCIAL SECTION

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**Office of the Washington State Auditor  
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

June 28, 2017

Mayor and City Council  
City of Lynnwood  
Lynnwood, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lynnwood, Snohomish County, Washington, as of December 31, 2016, 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-E, during the year ended December 31, 2016, the City has implemented the Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* and Statement No. 77, *Tax Abatement Disclosures*. 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 29, budgetary comparison information on pages 90 through 91, pension plan information on pages 92 through 97 and information on postemployment benefits other than pensions on page 98 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 100 through 236 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 are 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 June 28, 2017, 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,



Pat McCarthy  
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, 2016. 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 \$209,273,657 (net position) for the calendar year reported.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets, of \$164,381,639 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 \$29,629,159 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations, and City restricted reserve policies.
  - (3) Unrestricted net position of \$15,262,859 represents the portion available to maintain the City’s continuing obligations to citizens and creditors.
- The City’s governmental funds reported a total ending fund balance of \$37,191,384 this year. This compares to the prior year ending fund balance of \$32,908,782, showing an increase of \$4,282,602 or 13.0% during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$10,114,083, or 19.4% 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 31 and 32 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 32-36 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 37-40 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 41 and 42.

***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 45 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 90-141.

***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 100.

*(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 \$209,273,657. The following table provides a summary of the City's net position:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current	\$ 50,169,930	\$ 44,248,422	\$ 20,334,394	\$ 15,720,054	\$ 70,504,324	\$ 59,968,476
Capital assets	146,727,415	148,477,473	69,806,740	55,099,504	216,534,155	203,576,977
Other	6,839,265	9,872,668	6,071,951	23,398,443	12,911,216	33,271,111
Total assets	203,736,610	202,598,563	96,213,085	94,218,001	299,949,695	296,816,564
Deferred outflows of resources	4,163,215	2,049,947	465,019	254,109	4,628,234	2,304,056
Liabilities:						
Current	7,900,357	6,997,641	3,529,778	4,321,172	11,430,135	11,318,813
Non-current	46,098,541	44,404,631	37,276,011	38,400,340	83,374,552	82,804,971
Total liabilities	53,998,898	51,402,272	40,805,789	42,721,512	94,804,687	94,123,784
Deferred inflows of resources	414,541	3,288,278	85,044	354,849	499,585	3,643,127
Net position:						
Net investment in capital assets	122,041,341	122,437,252	42,340,298	35,484,671	164,381,639	157,921,923
Restricted	15,687,975	13,138,490	13,941,184	1,579,068	29,629,159	14,717,558
Unrestricted	15,757,070	14,382,218	(494,211)	14,332,010	15,262,859	28,714,228
Total net position	153,486,386	149,957,960	55,787,271	51,395,749	209,273,657	201,353,709
Correction to 2015 reporting errors	-	(1,409,110)	-	772,014	-	(637,096)
Restated net position	\$ 153,486,386	\$ 148,548,850	\$ 55,787,271	\$ 52,167,763	\$ 209,273,657	\$ 200,716,613

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 6.4 to 1 as compared to 6.3 to 1 at December 31, 2015. The current ratio for the business-type activities at December 31, 2016 is 5.8 to 1 as compared to 3.4 to 1 at December 31, 2015. For the City overall, the current ratio is 6.2 to 1 as compared to 5.2 to 1 at December 31, 2015. These ratios are strong.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$4,937,536 for governmental activities and increased by \$3,619,508 for business-type activities. The City's overall financial position increased during calendar year 2016 by \$8,557,044. In 2016, the City adopted new fund balance and reserve policies which caused an increase in restricted net position from 2015 and unrestricted net position to decrease.

Note that 79.5% 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 75.9% of its net position invested in capital assets. 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, 78.5% of the City's total net position is included in capital assets.

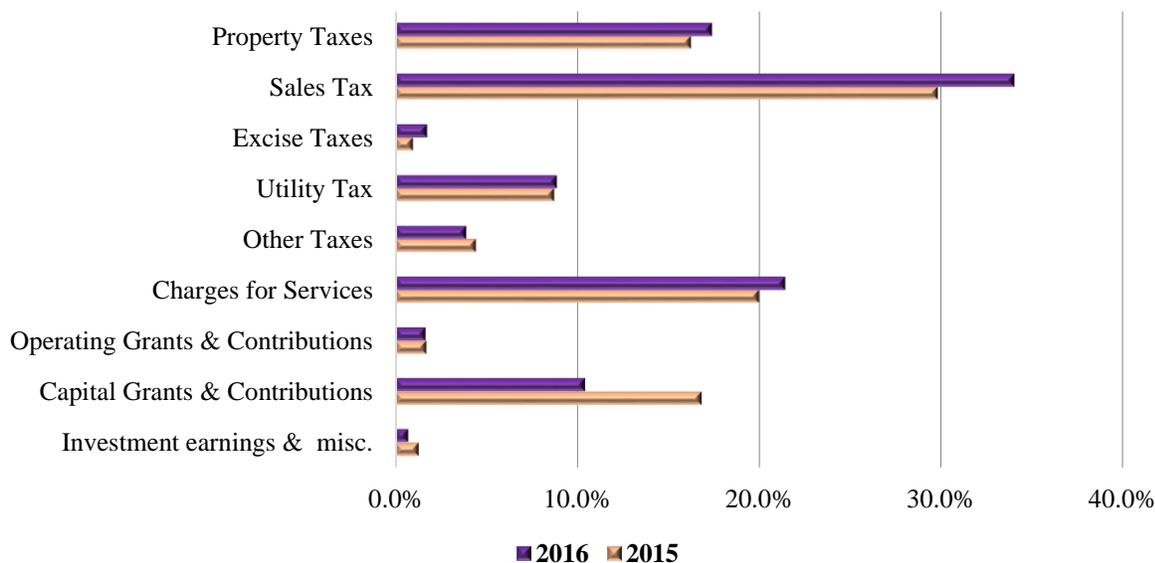
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program:						
Charges for services	\$ 14,598,376	\$ 14,160,228	\$ 21,018,165	\$ 19,504,877	\$ 35,616,541	\$ 33,665,105
Operating grants and contributions	1,138,234	1,219,077	-	-	1,138,234	1,219,077
Capital grants and contributions	7,104,050	11,921,777	875,036	111,009	7,979,086	12,032,786
General:						
Property taxes	11,861,021	11,514,783	-	-	11,861,021	11,514,783
Sales taxes	23,268,267	21,129,570	-	-	23,268,267	21,129,570
Business and other taxes	9,915,644	10,030,887	-	-	9,915,644	10,030,887
Other revenues	492,033	923,589	157,638	18,088	649,671	941,677
Total revenues	68,377,625	70,899,911	22,050,839	19,633,974	90,428,464	90,533,885
Program Expenses:						
General government	13,987,795	11,731,113	-	-	13,987,795	11,731,113
Economic environment	3,443,132	2,873,825	-	-	3,443,132	2,873,825
Judicial	1,055,778	1,080,402	-	-	1,055,778	1,080,402
Natural environment	346,025	282,648	-	-	346,025	282,648
Culture and recreation	6,923,235	6,793,092	-	-	6,923,235	6,793,092
Public safety	32,399,813	29,037,752	-	-	32,399,813	29,037,752
Social services	362,377	460,061	-	-	362,377	460,061
Transportation	5,975,434	6,109,663	-	-	5,975,434	6,109,663
Utilities	1,543	82,566	-	-	1,543	82,566
Interest on long-term debt	993,116	1,057,627	-	-	993,116	1,057,627
Disposition of capital assets	-	-	126,027	-	126,027	-
Water/sewer/storm utility	-	-	15,143,990	17,441,554	15,143,990	17,441,554
Golf Course	-	-	1,113,155	1,114,794	1,113,155	1,114,794
Total expenses	65,488,248	59,508,749	16,383,172	18,556,348	81,871,420	78,065,097
Revenues over (under) expenses	2,889,377	11,391,162	5,667,667	1,077,626	8,557,044	12,468,788
Transfers	2,048,159	1,868,534	(2,048,159)	(1,868,534)	-	-
Changes in net position	4,937,536	13,259,696	3,619,508	(790,908)	8,557,044	12,468,788
Beginning net position, restated	148,548,850	136,698,264	52,167,763	52,186,657	200,716,613	188,884,921
Ending net position	153,486,386	149,957,960	55,787,271	51,395,749	209,273,657	201,353,709
Correction to 2015 reporting errors		(1,409,110)		772,014		(637,096)
Restated net position	\$ 153,486,386	\$ 148,548,850	\$ 55,787,271	\$ 52,167,763	\$ 209,273,657	\$ 201,353,709

### GOVERNMENTAL ACTIVITIES-REVENUES

Total tax revenues were \$2,269,692 or 5.6% more than those reported in 2015. Sales taxes increased \$2,138,697 or 10.1%. The economy is improving in the City; not only have we seen an increase in retail sales of 7.6%, but there has also been a 39.5% increase in sales tax generated by new construction activities in the City.

As the chart below depicts, in total, in 2016 taxes make up 66.0% of the total revenues stream as compared to 60.2% in 2015. 2016 Property taxes make up 17.3% of revenues, as compared to 16.2% in 2015, and 2016 sales taxes make up 33.9% of total revenues as compared to 29.8% in 2015.



The operating grants and contributions for general government of \$128,807 included the following:

- Miscellaneous Contributions - \$80,800
- Unclaimed Property Auction - \$13,000
- Arts Donations - \$5,700

The operating grants for culture and recreation of \$250,925 included the following:

- Public Hospital District No 2 agreements for:
  - Move 60 Teen Program - \$73,700
  - Mobile Integrated Care - \$127,600
  - Parks and Recreation staff support services - \$14,000

The operating grants for public safety of \$390,814 included the following:

- State shared revenues and entitlements - \$156,000
- Homeland Security
  - Disaster Grants - \$51,000
  - Assistance to Firefighter - \$34,000
  - CyberTipline - \$13,000
- Snohomish County Housing Authority – Police Services - \$105,200
- Washington Traffic Safety Commission safe roads program - \$18,000
- Department of Justice Bullet Proof Vest Program - \$12,000

The operating grants and contributions for transportation of \$301,449 included the following:

- Public Utility District Privilege Tax - \$264,200
- Sound Transit Interlocal agreement for Transit Center Planning - \$37,000

The capital grants and contributions for general government of \$454,227 included the LID 93-1 I-5 and 196<sup>th</sup> Project funded by special assessment.

The capital grants and contributions for culture and recreation of \$2,751,224 included the following:

- Recreation Center HVAC Settlement agreement proceeds - \$1,400,000
- Snohomish County Finance Hotel/Motel Tax - \$692,000
- Public Hospital District No 2 contribution for Bike Link project - \$618,000

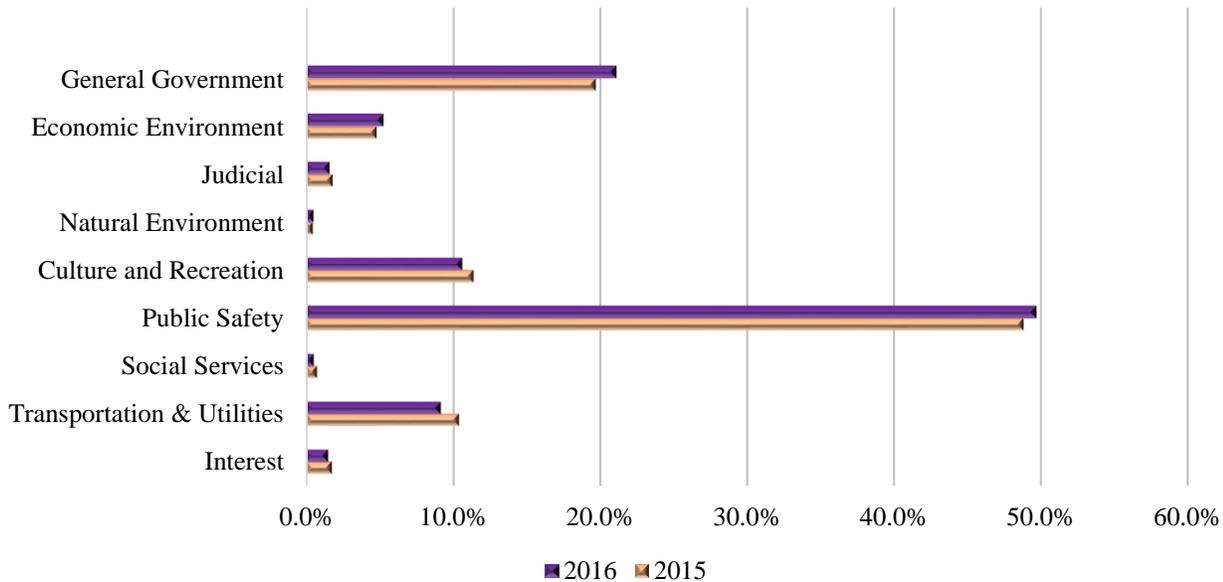
The capital grants and contributions for transportation of \$3,898,599 included the following:

- Federal indirect grants through Washington State DOT for:
  - Citywide Safety Projects - \$1,165,000
  - Alderwood Mall Parkway and 184<sup>th</sup> Street SW Pavement Project - \$800,000
  - 196<sup>th</sup> and SR 524 Improvements - \$594,000
  - Poplar Way Bridge Extension - \$302,000
  - 35<sup>th</sup> and 36<sup>th</sup> Avenue West Roadway - \$122,000
  - Interurban Trail (52<sup>nd</sup> Avenue to 212<sup>th</sup> St SW) - \$50,000

Note that program revenues cover 35% of governmental operating expenses. This means that the taxpayers and the City's other general governmental revenues cover the remaining 65% 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 ACTIVITIES - FUNCTIONAL EXPENSES

The chart below illustrates the cost of each of the City's major governmental activities by function and related percentages of the total functional expenditures for 2016 and 2015:



Of the City's governmental activities functions, 49.5% of the total costs relates to public safety in 2016 as compared to 48.8% in 2015. General government expenses make up 21.4% as compared to 19.7% in 2015.

The following table presents the net cost of each of the City's programs (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 for each of the past two years.

<b>Governmental Activities</b>				
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General government	\$ 13,987,795	\$ 11,731,113	\$ 9,637,016	\$ 5,698,794
Judicial	1,055,778	1,080,402	(692,317)	(364,442)
Public safety	32,399,813	29,037,752	27,090,574	24,217,817
Utilities	1,543	82,566	(545,357)	82,566
Transportation	5,975,434	6,109,663	1,484,220	423,082
Natural environment	346,025	282,648	346,025	282,648
Economic environment	3,443,132	2,873,825	2,823,688	2,220,754
Social services	362,377	460,061	314,689	222,122
Culture and recreation	6,923,235	6,793,092	1,195,934	(1,633,301)
Interest on debt	993,116	1,057,627	993,116	1,057,627
<b>Total</b>	<b>\$ 65,488,248</b>	<b>\$ 59,508,749</b>	<b>\$ 42,647,588</b>	<b>\$ 32,207,667</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>2016</b>	<b>2015</b>	<b>Change</b>
Water/sewer/storm utility	\$ 6,003,542	\$ 1,727,122	248%
Golf course	39,962	101,457	-61%
<b>Total</b>	<b>\$ 6,043,504</b>	<b>\$ 1,828,579</b>	<b>231%</b>

The following analysis is provided for the major enterprise funds.

**Sewer/Water/Storm Utility Fund** – Operating revenues increased \$1,578,320 or 8.6% in 2016 over that of 2015. Water charges for services increased \$399,235 or 7.0%. Sewer charges for services increased \$757,111 or 8.0%. Both increases are primarily due to rate increases in 2016 of 7% for water and 5% for sewer.

Total operating expenses decreased \$2,698,100 or 16.3% from the 2015 amount. Over half of the decrease is in depreciation expense. Depreciation expense decreased \$1,875,729 or 64.3% in 2016 due to prior year true up corrections made to depreciation calculations. At December 31, 2016, net position totals \$52,612,151. Of this amount, \$38,401,124 or 73.0% is tied up in capital assets.

The various expenses changed from 2015 as follows:

- Administration and general – water – increase of \$336,028 or 22.7%.
- Administration and general – sewer – increase of \$125,872 or 8.5%
- Administration and general – stormwater – increase of \$129,832 or 20.1%
- Maintenance and operations – water – (reduction) \$309,166 or 9.6%
- Maintenance and operations – sewer (reduction) \$690,759 or 12.9%
- Maintenance and operations – stormwater – (reduction) \$414,179 or 28.0%

Much of the changes in all categories between years are due to allocation of costs between functions to accommodate projects and much of the overall decrease is due to the capitalization of expenditures to major utility projects during 2016.

Net transfers out of this fund are related to capital projects currently in progress with utility components: Interurban Trail, Roadway Resurfacing, and 36th/35th Avenue West Extension.

**Golf Course Fund** – Revenues from charges for services decreased \$59,154 or 5.5%. The number of rounds sold in 2016 decreased by 7.7% at 42,430 compared to 45,973 in 2015. The decrease in revenue is primarily attributable to unfavorable weather conditions in 2016 as compared to 2015.

Total operating expenses decreased \$4,949 or 4/10<sup>th</sup> of 1%, less than the 2015 amount. The operating income decreased from a gain of \$101,457 in 2015 to a \$39,962 operating gain in 2016.

At December 31, 2016, the net position totaled \$3,014,726.

### ***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 \$37,191,384 as compared to \$32,908,782 at December 31, 2015.

The restricted amount at December 31, 2016 was \$15,687,975, relating primarily to debt services \$787,045, capital improvements \$10,313,619, and \$4,587,311 for a variety of other restrictions.

Over \$6 million is committed, primarily for revenue fluctuations. The general fund reports approximately \$4.5 million assigned to economic development.

The City Council passed Resolution number 2014-20 in 2014 to reserve (commit) \$6 million in the Revenue Stabilization Fund, a managerial fund that is included in the General Fund to protect the City from major economic downturns or similar adverse conditions. The resolution also places restrictions on the use of these funds that require prior Council approval.

Also, included in the General Fund is approximately \$4.5 million intended (assigned) to be spent on future economic development. These funds are included in the Economic Infrastructure Development fund, another managerial fund that is included in the General Fund.

The General Fund reports an unassigned amount of fund balance of \$10,114,083. This amount will be used for future one-time operating costs. The total ending fund balances of governmental funds show an increase of over \$4.2 million compared to an increase of \$3.7 million at December 31, 2015.

#### ***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 \$1,255,292 or 6.5% in 2016, after interfund transfers to other funds. The difference between revenues and expenditures was \$3,118,410 before interfund transfers. There was a \$261,254 transfer to

the capital projects funds and \$1,785,157 to service debt. The amount of fund balance is determined by the amount of transfers to other funds.

Total revenues increased \$1,766,615 or 3.3% in 2016. Total taxes increased just \$2,082,677 or 5.6%. Property taxes were up \$362,158 or 3.3% above the 2015 amount. Sales tax revenues increased by almost 10% or \$1,914,950 over the 2015 amount. Both sales and property taxes increased because of new development and construction activity in 2016.

Permits and fees decreased \$209,934 from 2015. Most of the permit revenues from new development came in 2015, prior to construction in 2016. The number of permits issued increased 137 or 4.5% over 2015. The city continued to experience strong new development activity in 2016. Two large housing complexes are 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 2016 was \$112.7 million.

In 2016 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 2016, total expenditures increased \$3,550,461 or 7.3% above the 2015 amount. The general government expenditures increased \$65,774 or 8/10<sup>th</sup> of 1%. Economic Environment expenditures increased \$728,365 or 24.8%. Economic Environment includes Community Planning and Economic/Property Development services.

Public Safety costs increased \$2,349,674 or 8.4%. Personnel costs accounted for \$1.2 million of this increase and approximately \$200,000 of this increase is due to an increase in the contracted rates for jail paid to Snohomish County.

Culture and recreation expenses increased \$396,042 or 6.9% from 2015. A settlement agreement payout accounts for approximately \$170,000 of this increase. In 2016, the City settled a lawsuit filed against various parties hired to design and construct the City's Recreation Center HVAC system as a part of its Center Renovation and Expansion project in 2012. The City received \$1.4 million from various parties named in the lawsuit and paid out \$170,000 to settle final charges from outstanding change orders.

The City Council adopted new Financial Management Policies in 2016. The new policies include a General Fund Reserve which requires the City to adopt a budget to include reserve balances equaling not less than 2.5 months of operating expenditures of the prior fiscal year. Reserves may consist of the total of the General Fund Unassigned Fund Balance and the Revenue Stabilization Fund balance. As of December 31, 2016, the City has met the policy requirements as follows:

2015 General Fund Expenditures		<u>\$ 48,567,433</u>
Reserve Requirement (2.5 months)		\$ 10,118,215
Reserves:		
Rate Stabilization Fund	6,000,000	
Unassigned Fund Balance	<u>10,114,083</u>	
Total Reserve Balance		<u>\$ 16,114,083</u>
Exceeds Reserve Requirement		<u><u>\$ 5,995,868</u></u>

***Budgetary Highlights – General Fund***

The City adopts a biennial budget and combines both years together. The biennial budget is developed to guide the City's financial direction. It outlines how financial resources will be managed during the biennial budget years while allowing for reallocation of resources. Major groups that participate in the budget process are the Mayor, City Council, Chief Administrative Officer, Department directors, Managers, and interested Lynnwood citizens. Appropriation of operating funds are reviewed and amended as needed by the City Council. During 2015-2016 the budget was amended eight times to account for various grants received by the City during the biennium.

The final General Fund expenditure budget was \$7.6 million higher from the original budget. The amendments were to account for various project cost and program changes that occurred during the biennium. Budget amendments to the public safety budget were over \$2.6 million and included increases to accommodate labor union contract settlements as well as funding for grant related expenditures in the Fire department. Budget amendments totaling \$1.2 million were needed to accommodate the additional work related to new development in the Economic Environment budget. The legal budget required budget amendments totaling \$700,000 to accommodate changes mandated by the state of Washington regarding limitations on the number of cases a public defender can work on.

The final General Fund revenue budget was \$11.8 million higher from the original budget. The property tax budget was increased by \$5.2 million and the sales tax budget was increased by \$2.25 million. These adjustments were made due to better forecasting after the initial budget was adopted in 2014. New development growth was the reason for the \$1.425 million increase to license and permits revenues budget. An increase of \$1.65 million was made to the fines and forfeitures budget to recognize the growth in photo enforcement revenues.

**Actual results compared to final budget**

While total General Fund revenues were \$1,635,752 less than the final budget, \$3,425,868 was included in the adopted budget for interfund services. Interfund services were reclassified as direct expenditures to the receiving funds as opposed to revenues to the General Fund, so the actual interfund service revenue was zero. Adjusting for this amount, the General Fund revenues actually exceeded the adopted budget by \$1.79 million, or 1.6%. Sales tax accounted for most of this positive variance over budget, coming in at \$1.6 million over the final budget.

General Fund expenditures were under the final amended budget by \$7.1 million or 6.6%. The most significant under run was in the Administrative Services budget, totaling \$3 million. The Administrative Services budget includes \$3 million of the costs that were charged directly to receiving funds for interfund services. While the budget resides in the General Fund where the costs were originally incurred, these interfund service costs were allocated to the Utility and Golf funds. Adjusting for this amount, the General Fund expenditures were \$4.1 million under the final budget. Over \$1 million of this amount was in the Economic Environment program, where significant budget amendments were made to accommodate the development growth, but was not needed in 2016.

*(This page continued on the subsequent page)*

**Capital Assets and Debt Administration**

**Capital Assets**

The City's net investment in capital assets as of December 31, 2016 decreased by 3/10<sup>th</sup> of 1% for governmental activities and increased by 19.3% in business-type activities. The overall increase was 4.1% 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:

	Governmental Activities		Business Activities		Total	
	2016	Restated 2015	2016	2015	2016	Restated 2015
Nondepreciable assets:						
Land	\$ 38,098,672	\$ 38,471,546	\$ 8,081,424	\$ 8,081,424	\$ 46,180,096	\$ 46,552,970
Easements	439,018	439,018	4,150,120	4,150,120	4,589,138	4,589,138
Art, non-depreciable	164,517	164,517	-	-	164,517	164,517
Construction in progress	8,845,054	5,708,194	1,349,450	9,953,779	10,194,504	15,661,973
Total nondepreciable assets	47,547,261	44,783,275	13,580,994	22,185,323	61,128,255	66,968,598
Depreciable assets:						
Buildings	46,365,060	46,230,660	34,136,284	36,388,159	80,501,344	82,618,819
Improvements other than buildings	22,338,903	21,893,952	2,341,474	2,340,634	24,680,377	24,234,586
Machinery and equipment	19,684,945	20,177,873	4,541,971	4,900,847	24,226,916	25,078,720
Infrastructure	95,336,085	93,970,260	66,511,004	44,877,691	161,847,089	138,847,951
Total depreciable assets	183,724,993	182,272,745	107,530,733	88,507,331	291,255,726	270,780,076
Total accumulated depreciation	84,544,839	79,814,084	51,304,987	55,593,150	135,849,826	135,407,234
Book value - depreciable assets	99,180,154	102,458,661	56,225,746	32,914,181	155,405,900	135,372,842
Percentage depreciated	46%	44%	48%	63%	47%	50%
Book value - all assets	\$ 146,727,415	\$ 147,241,936	\$ 69,806,740	\$ 55,099,504	\$ 216,534,155	\$ 202,341,440

At December 31, 2016, the depreciable capital assets for governmental activities were 46% depreciated. This compares favorably with the December 31, 2015 percentage of 44%.

At December 31, 2016, the major projects included in the governmental activities construction in progress includes:

- Poplar Way Bridge Extension - \$3,099,006
- 36<sup>th</sup> Avenue West Improvements - \$1,712,860
- 196<sup>th</sup> Street SW Improvements - \$1,406,972
- SR99/SR524 Safety Improvements - \$1,308,511
- Interurban Trail South Segment - \$537,892

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

- Law Enforcement: 6 patrol vehicles - \$246,508; 3 administrative vehicles - \$88,742
- Public Works: 1 service vehicle and crane - \$115,354; 1 street sweeper - \$353,946; 1 tractor - \$156,406
- 1 Parks maintenance tractor - \$13,598
- 1 Community Development inspector vehicle - \$30,741

Governmental activities infrastructure increased approximately \$1,365,825 million consisting primarily of:

- Interurban Trail North Segment - \$642,700
- Citywide Safety Improvements - \$445,000
- Bike2Health Path - \$111,000

With the City's business-type activities, 48% of the asset values were depreciated at December 31, 2016, as compared to the 63% at December 31, 2015.

At December 31, 2016, the major projects included in the business-type activities construction in progress include:

- SCADA system modifications - \$330,000
- Water line replacement program - \$318,000
- Lift station #16 improvements - \$105,000
- Golf Course parking lot expansion - \$97,000

At December 31, 2016, major projects completed include:

- WWTP building and facility upgrades - biosolids incinerator controls/chlorination - \$8.5 million
  - As part of the WWTP facility upgrades project \$5 million in outdated equipment and facility components were significantly modified or disposed of and replaced.
- Sewer lift stations #4 and #8 improvements - \$1.2 million

*(this page continued on the subsequent page)*

**Long-Term Liabilities**

The following table reports outstanding long-term liabilities at both December 31, 2016 and 2015:

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$24,071,075	\$24,935,221	\$ -	\$ -	\$ 24,071,075	\$ 24,935,221
Special assessment bonds	615,000	1,105,000	-	-	615,000	1,105,000
Revenue bonds	-	-	35,716,108	37,107,602	35,716,108	37,107,602
Subtotal	24,686,075	26,040,221	35,716,108	37,107,602	60,402,183	63,147,823
Net pension liability	13,480,235	11,721,472	2,711,244	2,340,634	16,191,479	14,062,106
OPEB Firefighters	5,820,922	4,461,071	-	-	5,820,922	4,461,071
Claims and judgements	88,665	34,750	-	-	88,665	34,750
Compensated absences	4,420,166	4,473,698	362,636	306,250	4,782,802	4,779,948
<b>Total</b>	<b>\$48,496,063</b>	<b>\$46,731,212</b>	<b>\$ 38,789,988</b>	<b>\$ 39,754,486</b>	<b>\$ 87,286,051</b>	<b>\$ 86,485,698</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 the 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.

Detailed information on long term debt liabilities at year-end is presented in Note 3F.to 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 incorporated 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. Property tax revenues have also rebounded in recent years, and the City experienced \$112.7 million in new permitted development in 2016 while 44% lower than 2015 is 96% higher than in 2014. The City lodging industry remains strong, reflected by \$797,396 in lodging tax revenues.

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 for 308 units of senior housing, 347 units of affordable workforce housing, and a 150 room Hilton Garden Inn. 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. Construction permits were issued in 2016 for two new dealerships.

### ***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.

## BASIC FINANCIAL STATEMENTS

City of Lynnwood, Washington  
Statement of Net Position  
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents (Note 3-A)	\$ 27,045,225	\$ 5,275,265	\$ 32,320,490	\$ 6,226,834
Restricted assets: cash and cash equivalents	-	7,836,000	7,836,000	-
Investments (Note 3-A)	8,352,841	3,372,220	11,725,061	1,681,189
Receivables:				
Accounts	6,815,280	3,654,455	10,469,735	126,916
Taxes	5,963,095	-	5,963,095	-
Intergovernmental	1,642,731	-	1,642,731	-
Interest	-	5,101	5,101	-
Internal	(27,844)	27,844	-	-
Prepaid items	378,602	139,236	517,838	92,414
Inventory	-	24,273	24,273	21,051
<b>Total Current Assets</b>	<b>50,169,930</b>	<b>20,334,394</b>	<b>70,504,324</b>	<b>8,148,404</b>
<b>Noncurrent Assets</b>				
Investment in joint venture	1,266,093	-	1,266,093	-
Net pension assets	3,517,974	-	3,517,974	-
Restricted assets: cash and cash equivalents	103,545	7,102,629	7,206,174	1,731,997
Note receivable	-	61,322	61,322	-
Internal receivable	1,092,000	(1,092,000)	-	-
Other receivables	859,653	-	859,653	-
Capital assets (Note 3-D)				
Nondepreciable	47,547,261	13,580,993	61,128,254	7,307,178
Depreciable, net	99,180,154	56,225,747	155,405,901	15,826,991
<b>Total Noncurrent Assets</b>	<b>153,566,680</b>	<b>75,878,691</b>	<b>229,445,371</b>	<b>24,866,166</b>
<b>Total Assets</b>	<b>203,736,610</b>	<b>96,213,085</b>	<b>299,949,695</b>	<b>33,014,570</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows-loss on refunding	-	-	-	28,528
Deferred Outflows of Resources-Pensions	4,163,215	465,019	4,628,234	40,905
<b>Total Deferred Outflows of Resources</b>	<b>4,163,215</b>	<b>465,019</b>	<b>4,628,234</b>	<b>69,433</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	2,267,368	1,457,363	3,724,731	485,961
Accrued expenses	1,773,079	189,875	1,962,954	82,497
Retainage payable	-	183,886	183,885	-
Other payables	454,191	-	454,191	-
Deposits payable	-	18,805	18,805	517,278
Custodial accounts payable	3,289	41,094	44,383	-
Compensated absences payable	1,123,571	108,977	1,232,548	-
Unearned revenue	1,004,908	15,378	1,020,286	-
Accrued interest	-	109,400	109,400	-
Special assessment debt, with governmental commitment	380,000	-	380,000	-
General obligation refunding bonds payable	893,951	-	893,951	933,700
Revenue bonds payable	-	1,405,000	1,405,000	-
<b>Total Current Liabilities</b>	<b>7,900,357</b>	<b>3,529,778</b>	<b>11,430,134</b>	<b>2,019,436</b>
<b>Long-Term Liabilities (net of current portion): (Note 3-F)</b>				
Deposits payable	-	-	-	106,997
Compensated absences payable	3,296,596	253,659	3,550,255	18,648
Claims and judgments payable	88,665	-	88,665	-
Other postemployment benefits	5,820,922	-	5,820,922	-
Net pension liability	13,480,235	2,711,244	16,191,479	231,423
Special assessment debt, with governmental commitment	235,000	-	235,000	-
General obligation refunding bonds payable	23,177,123	-	23,177,123	8,468,400
Revenue bonds payable, net of premiums/discounts	-	34,311,108	34,311,108	16,560,483
<b>Total Long-term Liabilities</b>	<b>46,098,541</b>	<b>37,276,011</b>	<b>83,374,552</b>	<b>25,385,951</b>
<b>Total Liabilities</b>	<b>53,998,898</b>	<b>40,805,789</b>	<b>94,804,686</b>	<b>27,405,387</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources-gain on refunding	-	-	-	51,974
Deferred Inflows of Resources-Pensions	414,541	85,044	499,585	5,308
<b>Total Deferred Inflows of Resources</b>	<b>414,541</b>	<b>85,044</b>	<b>499,585</b>	<b>57,282</b>
<b>Net Position</b>				
Net investment in capital assets (Note 3-J)	122,041,341	42,340,298	164,381,639	(2,851,860)
Restricted for:				
Debt service	787,045	1,405,000	2,192,045	1,000,000
Operating reserves	-	1,973,258	1,973,258	-
Capital reserves	-	2,094,248	2,094,248	-
Capital outlay	10,313,619	8,468,678	18,782,297	-
Criminal justice	2,596,437	-	2,596,437	-
Tourism	1,023,826	-	1,023,826	-
Drug enforcement	467,420	-	467,420	-
Other purposes	124,167	-	124,167	-
Streets	375,461	-	375,461	-
Unrestricted	15,757,070	(494,211)	15,262,859	7,473,194
<b>Total Net Position</b>	<b>\$ 153,486,386</b>	<b>\$ 55,787,271</b>	<b>\$ 209,273,657</b>	<b>\$ 5,621,334</b>

See accompanying notes to the basic financial statements

City of Lynnwood, Washington  
 Statement of Activities  
 For the Year Ended December 31, 2016

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services and Sales	Contributions and Interest	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 13,987,795	\$ 3,767,745	\$ 128,807	\$ 454,227	\$ (9,637,016)	\$ -	\$ (9,637,016)	\$ -
Economic environment	3,443,132	619,444	-	-	(2,823,688)	-	(2,823,688)	-
Judicial	1,055,778	1,748,095	-	-	692,317	-	692,317	-
Natural Environment	346,025	-	-	-	(346,025)	-	(346,025)	-
Culture and recreation	6,923,235	2,725,152	250,925	2,751,224	(1,195,934)	-	(1,195,934)	-
Public safety	32,399,813	4,918,425	390,814	-	(27,090,574)	-	(27,090,574)	-
Social services	362,377	-	47,688	-	(314,689)	-	(314,689)	-
Transportation	5,975,434	291,166	301,449	3,898,599	(1,484,220)	-	(1,484,220)	-
Utilities	1,543	528,349	18,551	-	545,357	-	545,357	-
Interest	993,116	-	-	-	(993,116)	-	(993,116)	-
<b>Total Governmental Activities</b>	<b>65,488,248</b>	<b>14,598,376</b>	<b>1,138,234</b>	<b>7,104,050</b>	<b>(42,647,588)</b>	<b>-</b>	<b>(42,647,588)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water and Sewer Utility	15,143,990	19,870,417	-	875,036	-	5,601,463	5,601,463	-
Golf Course	1,113,155	1,147,748	-	-	-	34,593	34,593	-
<b>Total Business-Type Activities</b>	<b>16,257,145</b>	<b>21,018,165</b>	<b>-</b>	<b>875,036</b>	<b>-</b>	<b>5,636,056</b>	<b>5,636,056</b>	<b>-</b>
<b>Total - Primary Government</b>	<b>\$ 81,745,393</b>	<b>\$ 35,616,541</b>	<b>\$ 1,138,234</b>	<b>\$ 7,979,086</b>	<b>(42,647,588)</b>	<b>5,636,056</b>	<b>(37,011,532)</b>	<b>-</b>
<b>Component Units</b>								
Lynnwood Public Facilities District	\$ 5,658,854	\$ 4,613,367	\$ -	\$ -				\$ (1,045,487)
<b>General Revenues</b>								
Property taxes					11,861,021	-	11,861,021	-
Sales taxes					23,268,267	-	23,268,267	2,856,619
Utility Taxes					6,054,379	-	6,054,379	-
Excise taxes					1,198,878	-	1,198,878	-
Real estate transfer tax					2,172,992	-	2,172,992	-
Other taxes					489,395	-	489,395	-
Investment earnings (losses)					292,715	154,451	447,166	22,343
Gain (loss) on disposition of capital assets					-	(126,027)	(126,027)	-
Miscellaneous					199,318	3,187	202,505	-
<b>Transfers</b>					<b>2,048,159</b>	<b>(2,048,159)</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>47,585,124</b>	<b>(2,016,548)</b>	<b>45,568,576</b>	<b>2,878,962</b>
<b>Change in Net Position</b>					<b>4,937,536</b>	<b>3,619,508</b>	<b>8,557,044</b>	<b>1,833,475</b>
<b>Net Position Beginning of Year, Restated</b>					<b>148,548,850</b>	<b>52,167,763</b>	<b>200,716,613</b>	<b>3,787,859</b>
<b>Net Position End of Year</b>					<b>\$ 153,486,386</b>	<b>\$ 55,787,271</b>	<b>\$ 209,273,657</b>	<b>\$ 5,621,334</b>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 11,389,724	\$ 11,984,818	\$ 23,374,542
Investments	3,813,014	3,143,233	6,956,247
Receivables:			
Accounts	4,703,598	2,950,266	7,653,864
Taxes	5,210,344	752,751	5,963,095
Intergovernmental	368,765	1,179,619	1,548,384
Interfund	2,033,000	-	2,033,000
Prepaid	20,841	-	20,841
Restricted assets	-	103,545	103,545
<b>Total Assets</b>	<u>\$ 27,539,286</u>	<u>\$ 20,114,232</u>	<u>\$ 47,653,518</u>
<b>Liabilities</b>			
Accounts payable	\$ 928,195	\$ 717,737	\$ 1,645,932
Accrued salaries and wages payable	1,687,740	50,153	1,737,893
Interfund payable	-	808,000	808,000
Custodial accounts payable	3,289	-	3,289
Other current liabilities payable	285,846	168,345	454,191
Unearned revenue	-	1,004,908	1,004,908
<b>Total Liabilities</b>	2,905,070	2,749,143	5,654,213
<b>Deferred Inflows of Resources</b>	<u>3,948,268</u>	<u>859,653</u>	<u>4,807,921</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,853,338</u>	<u>3,608,796</u>	<u>10,462,134</u>
<b>Fund Balances</b>			
Nonspendable	20,841	-	20,841
Restricted	-	15,687,975	15,687,975
Committed	6,000,000	817,461	6,817,461
Assigned	4,551,024	-	4,551,024
Unassigned	10,114,083	-	10,114,083
<b>Total Fund Balances</b>	<u>20,685,948</u>	<u>16,505,436</u>	<u>37,191,384</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 27,539,286</u>	<u>\$ 20,114,232</u>	<u>\$ 47,653,518</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, 2016**

<b>Total Governmental Fund Balances</b>		\$	37,191,384
 <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	\$	217,374,285	
Less accumulated depreciation		(77,437,604)	139,936,681
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.			
			1,266,093
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.			
			4,807,921
Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.			
			3,677,177
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.			
			3,517,974
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.			
			11,173,639
The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.			
			(160,843)
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	\$	(24,071,074)	
Special assessment bonds payable		(615,000)	
Other postemployment benefits payable		(5,820,922)	
Net pension liability payable		(13,066,115)	
Compensated absences payable		(4,350,529)	\$ (47,923,640)
Interfund receivables and payables between governmental funds are reported on the governmental funds' balance sheet but are eliminated on the government-wide statement of net position.			
Interfund receivables	\$	(808,000)	
Interfund payables		808,000	\$ -
<b>Net Position Of Governmental Activities</b>			<b>\$ 153,486,386</b>

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, 2016**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 39,259,326	\$ 5,088,046	\$ 44,347,372
Intergovernmental	1,548,392	5,384,575	6,932,967
Special assessments	-	454,227	454,227
Licenses and permits	4,501,946	255,289	4,757,235
Charges for services	4,524,402	322,084	4,846,486
Fines and forfeitures	4,705,795	17,081	4,722,876
Investment earnings	237,386	37,844	275,230
Judgements and settlements	-	1,440,000	1,440,000
Other interest	-	84,937	84,937
Rent and leases	299,801	-	299,801
Miscellaneous	159,257	17,250	176,507
<b>Total Revenues</b>	<u>55,236,305</u>	<u>13,101,333</u>	<u>68,337,638</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	8,701,501	1,481,004	10,182,505
Economic Environment	3,659,433	-	3,659,433
Judicial	1,057,603	-	1,057,603
Natural Environment	118,567	11,609	130,176
Culture and recreation	6,160,770	180,938	6,341,708
Public safety	30,445,416	482,650	30,928,066
Social services	499,366	-	499,366
Transportation	1,326,659	4,158,453	5,485,112
Utilities	-	24,666	24,666
<b>Capital Outlay</b>	147,980	5,192,616	5,340,596
<b>Debt Service:</b>			
Principal retirement	-	1,354,146	1,354,146
Interest and fiscal charges	600	992,516	993,116
<b>Total Expenditures</b>	<u>52,117,895</u>	<u>13,878,598</u>	<u>65,996,493</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,118,410</u>	<u>(777,265)</u>	<u>2,341,145</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from disposition of assets	-	6,501	6,501
Transfers in	183,293	7,111,248	7,294,541
Transfers out	(2,046,411)	(3,313,174)	(5,359,585)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,863,118)</u>	<u>3,804,575</u>	<u>1,941,457</u>
<b>Net Change in Fund Balances</b>	1,255,292	3,027,310	4,282,602
<b>Fund Balances Beginning of Year</b>	<u>19,430,656</u>	<u>13,478,126</u>	<u>32,908,782</u>
<b>Fund Balances End of Year</b>	<u>\$ 20,685,948</u>	<u>\$ 16,505,436</u>	<u>\$ 37,191,384</u>

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, 2016**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		<b>\$ 4,282,602</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	\$ (5,567,659)	
Capital outlay	5,341,544	
Less amount of capital outlay not capitalized	-	(226,115)
 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.		
		(492,443)
 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 @ 12/31/16	\$ (4,872,557)	
Deferred @ 12/31/15	4,840,239	(32,318)
 Contributions		
		-
 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.		
		(291,673)
 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.		
		831,630
 The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		(74,072)
 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.		
		1,354,147
 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.		
		(1,359,851)
 Net pension debits reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		878,935
 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 @ 12/31/16	\$ (4,350,529)	
Liability @ 12/31/15	4,417,223	66,694
<b>Change In Net Position of Governmental Activities</b>		<b>\$ 4,937,536</b>

City of Lynnwood, Washington  
Statement of Net Position  
Proprietary Funds  
December 31, 2016

	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	\$ 5,097,897	\$ 177,368	\$ 5,275,265	\$ 3,670,683
Restricted assets: cash and cash equivalents	7,836,000	-	7,836,000	
Investments	3,244,695	127,525	3,372,220	1,396,594
Receivables:				
Accounts	3,654,455	-	3,654,455	21,069
Intergovernmental	-	-	-	94,347
Interest	5,101	-	5,101	-
Inventories		24,273	24,273	-
Prepaid items	136,655	2,581	139,236	357,761
<b>Total Current Assets</b>	<b>19,974,803</b>	<b>331,747</b>	<b>20,306,550</b>	<b>5,540,454</b>
<b>Noncurrent Assets:</b>				
Restricted assets: cash and cash equivalents	7,067,221	35,408	7,102,629	-
Notes receivable	61,322	-	61,322	-
Capital assets:				
Nondepreciable	9,820,041	3,760,952	13,580,993	81,462
Depreciable, net	56,047,525	178,222	56,225,747	6,709,271
<b>Total Noncurrent Assets</b>	<b>72,996,109</b>	<b>3,974,582</b>	<b>76,970,691</b>	<b>6,790,733</b>
<b>TOTAL ASSETS</b>	<b>92,970,912</b>	<b>4,306,329</b>	<b>97,277,241</b>	<b>12,331,187</b>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>465,019</b>	<b>-</b>	<b>465,019</b>	<b>75,653</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	1,424,867	32,496	1,457,363	621,435
Accrued payroll	189,875	-	189,875	35,186
Retainage payable	183,886	-	183,886	-
Interfund payable	-	133,000	133,000	-
Custodial accounts payable	40,720	374	41,094	-
Compensated absences payable	108,977	-	108,977	18,670
Claims and judgments payable	-	-	-	88,665
Deposits payable	-	18,805	18,805	-
Unearned revenue	-	15,378	15,378	-
Revenue bonds payable	1,405,000	-	1,405,000	-
Accrued interest payable	109,400	-	109,400	-
<b>Total Current Liabilities</b>	<b>3,462,725</b>	<b>200,053</b>	<b>3,662,778</b>	<b>763,956</b>
<b>Long-Term Liabilities: (net of current portion)</b>				
Compensated absences payable	253,659	-	253,659	50,968
Interfund payable	-	1,092,000	1,092,000	-
Net pension liability	2,711,244	-	2,711,244	414,120
Revenue bonds payable	34,311,108	-	34,311,108	-
<b>Total Long-term Liabilities</b>	<b>37,276,011</b>	<b>1,092,000</b>	<b>38,368,011</b>	<b>465,088</b>
<b>TOTAL LIABILITIES</b>	<b>40,738,736</b>	<b>1,292,053</b>	<b>42,030,789</b>	<b>1,229,044</b>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>85,044</b>	<b>-</b>	<b>85,044</b>	<b>4,157</b>
<b>Net Position</b>				
Net investment in capital assets	38,401,124	3,939,174	42,340,298	6,790,733
Restricted for:				
Debt service	1,405,000	-	1,405,000	-
Operating reserves	1,973,258	-	1,973,258	-
Capital reserves	2,094,248	-	2,094,248	-
Capital projects	8,468,678	-	8,468,678	-
Unrestricted	269,843	(924,898)	(655,055)	4,382,906
<b>TOTAL NET POSITION</b>	<b>\$ 52,612,151</b>	<b>\$ 3,014,276</b>	<b>55,626,427</b>	<b>\$ 11,173,639</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.			160,844	
<b>Adjusted Total Net Position</b>			<b>\$ 55,787,271</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, 2016**

	<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	\$ 19,870,417	\$ 1,018,762	\$ 20,889,179	\$ 4,007,675
Rentals	-	128,531	128,531	-
Miscellaneous	-	455	455	56
<b>Total Operating Revenues</b>	<u>19,870,417</u>	<u>1,147,748</u>	<u>21,018,165</u>	<u>4,007,731</u>
<b>Operating Expenses</b>				
Administration and general	4,189,770	-	4,189,770	109,501
Operations and maintenance	8,634,036	1,072,277	9,706,313	1,858,245
Insurance and claims	-	3,355	3,355	785,491
Other services	-	-	-	18,857
Depreciation	1,043,069	32,154	1,075,223	839,384
<b>Total Operating Expenses</b>	<u>13,866,875</u>	<u>1,107,786</u>	<u>14,974,661</u>	<u>3,611,478</u>
<b>Operating Income</b>	<u>6,003,542</u>	<u>39,962</u>	<u>6,043,504</u>	<u>396,253</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and fiscal charges	(1,345,523)	(5,608)	(1,351,131)	-
Other nonoperating revenue	-	-	-	54,820
Gain (Loss) on disposition of capital assets	(126,027)	-	(126,027)	249,867
Debt issuance costs	(5,425)	-	(5,425)	-
Investment earnings	152,059	2,392	154,451	17,485
Miscellaneous revenue	3,187	-	3,187	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(1,321,729)</u>	<u>(3,216)</u>	<u>(1,324,945)</u>	<u>322,172</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>4,681,813</u>	<u>36,746</u>	<u>4,718,559</u>	<u>718,425</u>
<b>Contributions</b>	875,036	-	875,036	-
<b>Transfers In</b>	53,665	-	53,665	131,631
<b>Transfers Out</b>	<u>(2,101,824)</u>	<u>-</u>	<u>(2,101,824)</u>	<u>(18,428)</u>
<b>Change in Net Position</b>	<u>3,508,690</u>	<u>36,746</u>	<u>3,545,436</u>	<u>831,628</u>
<b>Net Position Beginning of Year, Restated</b>	<u>49,103,461</u>	<u>2,977,530</u>	<u>52,080,991</u>	<u>10,342,011</u>
<b>Net Position End of Year</b>	<u>\$ 52,612,151</u>	<u>\$ 3,014,276</u>	<u>\$ 55,626,427</u>	<u>\$ 11,173,639</u>
<b>Reconciliation of the fund level operating statement to the government-wide statement of activities:</b>				
Change in net position	\$ 3,508,690	\$ 36,746	\$ 3,545,436	
Internal service fund charges (credits) to enterprise funds, resulting in changes to operating expenses.	<u>73,833</u>	<u>239</u>	<u>74,072</u>	
<b>Adjusted Change in Net Position</b>	<u>\$ 3,582,523</u>	<u>\$ 36,985</u>	<u>\$ 3,619,508</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, 2016**

	<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>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 19,341,921	\$ 1,150,140	\$ 20,492,061	\$ 56
Cash received from interfund services provided	-	-	-	4,120,878
Cash payments to suppliers	(7,016,156)	-	(7,016,156)	-
Cash payments to employees for services	(4,655,788)	-	(4,655,788)	(734,913)
Cash payments for goods and services	-	(1,056,142)	(1,056,142)	(1,477,890)
Cash received (paid) from/(to) other funds	(1,868,199)	(3,355)	(1,871,554)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>5,801,778</b>	<b>90,643</b>	<b>5,892,421</b>	<b>1,908,131</b>
<b>Cash Flows from Non-Capital financing activities</b>				
Interfund loan received	-	19,392	19,392	(446,387)
Insurance Recoveries	-	-	-	54,820
<b>Net Cash Flows from non-Capital and related financing activities</b>	<b>-</b>	<b>19,392</b>	<b>19,392</b>	<b>(391,567)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from disposition of capital assets	-	-	-	249,867
Principal paid on revenue bonds	(1,391,494)	-	(1,391,494)	-
Interest paid on revenue bonds	(1,376,323)	-	(1,376,323)	-
Capital Contributions	127,786	-	127,786	-
Payments for capital acquisitions	(10,887,973)	(97,583)	(10,985,556)	(890,231)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(13,528,004)</b>	<b>(97,583)</b>	<b>(13,625,587)</b>	<b>(640,364)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of investment securities	(2,984,133)	(67,840)	(3,051,973)	(943,380)
Proceeds from sale and maturities of investment securities	-	-	-	-
Investment earnings	218,880	-	218,880	16,905
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,765,253)</b>	<b>(67,840)</b>	<b>(2,833,093)</b>	<b>(926,475)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(10,491,479)</b>	<b>(55,388)</b>	<b>(10,546,867)</b>	<b>(50,275)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>30,492,597</b>	<b>268,164</b>	<b>30,760,761</b>	<b>3,720,958</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 20,001,118</b>	<b>\$ 212,776</b>	<b>\$ 20,213,894</b>	<b>\$ 3,670,683</b>

(continued)

**City of Lynnwood, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

(continued)

	<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>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ 6,003,542	\$ 39,962	\$ 6,043,504	\$ 396,253
<b>Adjustments:</b>				
Depreciation	1,043,069	32,154	1,075,223	839,384
<b>(Increase) Decrease in Assets:</b>				
Accounts receivable	(414,502)	2,392	(412,110)	1,386
Inventories, deposits, and prepaid items	(54,546)	(1,218)	(55,764)	61,248
<b>Increase (Decrease) in Liabilities:</b>				
Accounts payable	(1,115,608)	19,511	(1,096,097)	617,199
Compensated absences payable	56,386	-	56,386	(7,339)
Other Current Liabilities	283,437	(2,158)	281,279	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 5,801,778</u>	<u>\$ 90,643</u>	<u>\$ 5,892,421</u>	<u>\$ 1,908,131</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>				
Capital assets written off or retirement	\$ 126,027	\$ 4,000	\$ 130,027	\$ -
Contribution of capital assets from developers	875,036	-	875,036	-
<b>Total Non-Cash Activities</b>	<u>\$ 1,001,063</u>	<u>\$ 4,000</u>	<u>\$ 1,005,063</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**City of Lynnwood, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2016**

	<b>Pension Trust</b>	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 238,348	\$ 69,949	\$ 434,376
Investments	171,370	982	-
<b>Total Assets</b>	409,718	70,931	\$ 434,376
<b>Liabilities</b>			
Wages and Vouchers Payable	-	-	434,376
<b>Total Liabilities</b>	-	-	\$ 434,376
<b>Net Position</b>			
Restricted for pensions	409,718	-	-
Restricted for private trust	-	70,931	-
<b>Total Net Position</b>	<b>\$ 409,718</b>	<b>\$ 70,931</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, 2016*

	<b>Pension Trust</b>	<b>Private-purpose Trust</b>
<b>Additions:</b>		
Contributions:		
Intergovernmental	\$ 55,130	\$ -
Other	2,960	66,312
<b>Total Additions</b>	<b>58,090</b>	<b>66,312</b>
<b>Deductions:</b>		
Benefits and disbursements	158,042	45,850
<b>Total Deductions</b>	<b>158,042</b>	<b>45,850</b>
<b>Change in Net Position</b>	<b>(99,952)</b>	<b>20,462</b>
<b>Net Position Beginning of Year</b>	<b>509,670</b>	<b>50,469</b>
<b>Net Position End of Year</b>	<b>\$ 409,718</b>	<b>\$ 70,931</b>

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, 2016 the outstanding sales tax and revenue bonds were \$9.4 million and \$15.6 million, 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 for the PFD bonds. Separate financial statements for the PFD can be obtained from the Lynnwood PFD Administrative Offices at 3815 196<sup>th</sup> 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.

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 governmental funds that are included in the City's one 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.

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

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 financed by the proprietary funds.

*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.

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

**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.

**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.

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

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

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This statement amends and supersedes various related concept statements and is effective for fiscal periods beginning after June 15, 2015. This statement generally requires investments to be measured at fair value. This statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. Currently, the City reports some investments at fair value and has implemented this statement for the year ended December 31, 2016. See statement Note 3-A for further details on the impact to the City of Lynnwood.

In August 2015, GASB issued Statement No.77, *Tax Abatement Disclosures*. This statement is effective for fiscal periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose information about the agreements in the notes to the financial statements. For those tax abatement agreements, reporting governments should disclose the names of the governments that entered into the agreements, the specific taxes being abated, and the gross dollar amount of taxes abated during the reporting period. The City offers limited property tax exemption programs and has implemented this statement for the year ended December 31, 2016. See financial statement Note 4-E for note disclosures related to abatement agreements.

### ***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.

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

**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.

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. In 2016 the amount of cost incurred by the enterprise funds and charged to expense was \$1,345,523.

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.

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

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.

**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.”

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

**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. The City Council passed Resolution number 2014-20 in 2014 to reserve (commit) \$6 million in the Revenue Stabilization Fund, a managerial fund that is included in the General Fund to protect the City from major economic downturns or similar adverse conditions.
- **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 Mayor or designee to assign fund balances. Included in the General Fund is approximately \$4.5 million intended (assigned) to be spent on future economic development.
- **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.

**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. 2016-19 which was adopted by the City Council on November 28, 2016, amends Attachment A to Resolution 2014-20 and revises Financial Management Policies and the Long Term Financial Plan for the City. The revised policies include requirements for:

- Reserve and Development Funds
- General Budgeting and Reporting
- General Revenue and Expenditure
- Debt Management
- Balancing the Operating budget
- Financial Management/Strategic Forecasting
- Capital Asset Acquisition, Maintenance, Replacement and Retirement
- Mid-Year Financial Reviews

**General Fund Reserve** - The adopted budget should include General Fund reserve balances equaling not less than 2.5 months of the operating expenditures of the prior fiscal year. Reserves may consist of aggregate total of the General Fund *Unassigned* Fund balance and the Revenue Stabilization Fund balance.

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

*Enterprise Funds Reserve – Operating Fund.* The operating reserve balance targets for Water, Sewer, and Storm Utilities are amounts equivalent to 90, 45, and 30 days of operating expenses, respectively.

*Enterprise Funds Reserve – Capital Funds.* The capital funds reserve balance targets for the Water, Sewer, and Storm Utilities are amounts equivalent to all Original Asset Values of 1%, 2%, and 1%, respectively.

*Debt Management Policies* include:

1. Term of long term debt will not exceed the life of the projects financed. Current operations will not be financed with long term debt.
2. The City shall strive to maintain current credit rates of:

Rating Agency	General Obligation Bonds	Revenue Bonds
Moodys	- A1	A+
Standard and Poors	AA+	AA

3. The City debt will not exceed an aggregate total of 7.5% of the assessed valuation of the taxable property within the City in compliance with state law. The individual percentages shall not exceed 2.5% of assessed valuation in any specific category.

**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.

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.

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

### ***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 was amended eight (8) times during the 2015-2016 biennium.

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

### ***3-A. Deposits and Investments***

#### ***Cash and Cash Equivalents and Investments***

Cash and cash equivalents are generally considered short term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

#### ***Deposits***

***Custodial Credit Risk*** – 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, 2016, 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 City's bank balances as of December 31, 2016, were \$47,362,664, or \$47,797,040 including Fiduciary Funds of \$434,376.

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.

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

**Investments**

In accordance with City policy, the City’s investments will be in compliance with all statutes governing the investment of public funds and the provisions of all applicable bond ordinances. The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements. Investments of the city shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio and shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the City’s investment risk constraints and cash flow.

**Investments at Amortized Cost**

As of December 31, 2016, the City had the following investments at amortized cost:

Investment	Maturities	City's own investments	Investments held by City as an agent for other local governments, individuals, or private organizations	Total
Washington Local Government Investment Pool	n/a	\$ 45,796,590	\$ -	\$ 45,796,590
<b>Total</b>		<b>\$ 45,796,590</b>	<b>-</b>	<b>\$ 45,796,590</b>

The Washington Local Government Investment Pool (LGIP) is unrated and operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. The LGIP portfolio is managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in accounting standards for external investment pools who wish to measure, for financial reporting purposes, all investments at amortized cost.

**Investments at Fair Market Value**

The City measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2016, the City had the following fair value measurements:

Type of asset	12/31/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities	\$ 11,897,413	\$ -	\$ 11,897,413	\$ -
<b>Total</b>		<b>\$ -</b>	<b>11,897,413</b>	<b>\$ -</b>

**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.

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

**Credit Quality Risk** –Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Currently, the City does not have an investment policy relating to credit quality risk. The ratings of non-governmental debt securities as of December 31, 2016 are:

Debt Security	S & P Rating
Federal Farm Credit Bank	AA +
Federal National Mortgage Association	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. The City does have a specific custodial credit risk policy. 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 related 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 35.3% and 16.5% of the City’s total investment portfolio market value, 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	\$ 20,919,692
Property Taxes	92,102
Utility Taxes	949,781
Sales Tax	4,168,461
	<hr/>
Gross Receivables	\$ 26,130,036
Less: Allowance for Uncollectibles	(15,847,329)
	<hr/>
Total	<u>\$ 10,282,707</u>

**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.

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

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 2016 was \$2.30 per \$1,000 on an assessed valuation of \$5,172,943,809. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

<b><u>Purpose of Levy</u></b>	<b><u>Levy Rate per \$1,000</u></b>	<b><u>Total Levy Amount</u></b>
General Government	\$1.86252533	\$9,634,739
Emergency Medical Service (EMS)	\$0.43696265	\$2,260,383
Total City Levy	\$2.29948798	\$11,895,122

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

**3-D. Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

<b>Governmental Activities:</b> (including Internal Service fund):	<b>Restated Beginning Balance 1/1/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2016</b>
Nondepreciable capital assets:				
Land	\$ 38,471,546	\$ 17,979	\$ (390,853)	\$ 38,098,672
Easements	439,018	-	-	439,018
Art, non-depreciable	164,517	-	-	164,517
Construction in progress	<u>5,708,194</u>	<u>4,425,609</u>	<u>(1,288,749)</u>	<u>8,845,054</u>
Total nondepreciable capital assets	<u>44,783,275</u>	<u>4,443,588</u>	<u>(1,679,602)</u>	<u>47,547,261</u>
Depreciable capital assets				
Buildings	46,230,660	138,190	(3,790)	46,365,060
Improvements other than buildings	21,893,952	444,951	-	22,338,903
Machinery and equipment	20,177,873	1,415,374	(1,908,302)	19,684,945
Infrastructure	<u>93,970,260</u>	<u>1,365,825</u>	<u>-</u>	<u>95,336,085</u>
Total depreciable capital assets	<u>182,272,745</u>	<u>3,364,340</u>	<u>(1,912,092)</u>	<u>183,724,993</u>
Total capital assets	<u>227,056,020</u>	<u>7,807,928</u>	<u>(3,591,694)</u>	<u>231,272,254</u>
Less accumulated depreciation for:				
Buildings	(16,337,438)	(1,308,842)	(6,903)	(17,653,183)
Improvements other than buildings	(15,063,592)	(687,756)	(259,493)	(16,010,841)
Machinery and equipment	(10,800,109)	(1,347,774)	1,677,693	(10,470,190)
Infrastructure	<u>(37,612,945)</u>	<u>(3,054,012)</u>	<u>256,332</u>	<u>(40,410,625)</u>
Total accumulated depreciation	<u>(79,814,084)</u>	<u>(6,398,384)</u>	<u>1,667,629</u>	<u>(84,544,839)</u>
Governmental activities capital assets, net	<u>\$ 147,241,936</u>	<u>\$ 1,409,544</u>	<u>\$ (1,924,065)</u>	<u>\$ 146,727,415</u>

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

<b>Business-Type Activities:</b>	<b>Beginning Balance 1/1/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2016</b>
Nondepreciable capital assets:				
Land	\$ 8,081,424	\$ -	\$ -	\$ 8,081,424
Easements	4,150,120	-	-	4,150,120
Construction in progress	9,953,779	1,951,185	(10,555,514)	1,349,450
<b>Total nondepreciable capital assets</b>	<b>22,185,323</b>	<b>1,951,185</b>	<b>(10,555,514)</b>	<b>13,580,994</b>
Depreciable capital assets				
Buildings	36,388,159	2,840,830	(5,092,705)	34,136,284
Improvements other than buildings	2,340,634	840	-	2,341,474
Machinery and equipment	4,900,847	70,510	(429,386)	4,541,971
Infrastructure	44,877,691	21,633,313	-	66,511,004
<b>Total depreciable capital assets</b>	<b>88,507,331</b>	<b>24,545,493</b>	<b>(5,522,091)</b>	<b>107,530,733</b>
<b>Total capital assets</b>	<b>110,692,654</b>	<b>26,496,678</b>	<b>(16,077,605)</b>	<b>121,111,727</b>
Less accumulated depreciation for:				
Buildings	(31,324,811)	(242,723)	5,413,109	(26,154,425)
Improvements other than buildings	(1,652,834)	(58,430)	1,960	(1,709,304)
Machinery and equipment	(2,443,061)	(254,250)	307,094	(2,390,217)
Infrastructure	(20,172,444)	(519,820)	(358,777)	(21,051,041)
<b>Total accumulated depreciation</b>	<b>(55,593,150)</b>	<b>(1,075,223)</b>	<b>5,363,386</b>	<b>(51,304,987)</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 55,099,504</b>	<b>\$ 25,421,455</b>	<b>\$ (10,714,219)</b>	<b>\$ 69,806,740</b>

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

**Depreciation Expense by Function:**

<b>Governmental Activities</b>	
General Government	\$ 4,008,024
Public Safety	593,527
Natural Environment	215,849
Transportation	645,035
Economic Environment	23,705
Culture and Recreation	<u>912,244</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 6,398,384</u></u>
<b>Business-type Activities</b>	
Water/Sewer/Storm Utility	\$ 1,043,069
Golf Course	<u>32,154</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 1,075,223</u></u>

The City began a two-phase interurban trail construction project in 2015. Phase I of the project began in 2015 and was completed in 2016. As costs were incurred appropriate construction in progress assets were added to the asset tracking system based on invoices paid and information received from Project Managers. Phase I was completed in 2016 at which time the City reconciled all Phase I project costs and assets to total expenditures and the City discovered 2015 additions to capital assets from duplicated entries. The City corrected the asset account and has restated beginning capital asset balances to reflect the correction to Other Improvements, net of depreciation, of \$1,235,537 (see also Note 4 -F).

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

Discretely Presented Component Unit Lynnwood Public Facilities District	Beginning Balance 1/1/2016	Increases	Decreases	Ending Balance 12/31/2016
Nondepreciable capital assets:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Construction in progress	80,805	437,573	-	518,378
Total nondepreciable capital assets	<u>6,869,605</u>	<u>437,573</u>	<u>-</u>	<u>7,307,178</u>
Depreciable capital assets:				
Buildings	19,794,878	10,000	-	19,804,878
Land Improvements	112,276	-	-	112,276
Improvements other than buildings	1,384,648	541,054	-	1,925,702
Infrastructure	79,375	-	-	79,375
Total depreciable capital assets	<u>21,371,177</u>	<u>551,054</u>	<u>-</u>	<u>21,922,231</u>
Total capital assets	<u>28,240,782</u>	<u>988,627</u>	<u>-</u>	<u>29,229,409</u>
Less accumulated depreciation for:				
Buildings	(4,722,241)	(447,229)	-	(5,169,470)
Improvements other than buildings	(741,901)	(134,919)	-	(876,820)
Infrastructure	(44,980)	(3,968)	-	(48,948)
Total accumulated depreciation	<u>(5,509,122)</u>	<u>(586,116)</u>	<u>-</u>	<u>(6,095,238)</u>
Business-type activities capital assets, net	<u>\$ 22,731,660</u>	<u>\$ 402,511</u>	<u>\$ -</u>	<u>\$ 23,134,171</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.

Interfund transfers for the year ended December 31, 2016, consisted of the following:

		TRANSFER TO						
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	Internal Service Funds	Utility	Total
TRANSFER FROM	General Fund	\$ -	\$ -	\$ 1,785,157	\$ 261,254	\$ -	\$ -	\$ 2,046,411
	Debt Service Funds	15,292	-	-	-	-	53,665	68,957
	Special Revenue Funds	93,000	181,740	-	986,386	25,010	-	1,286,136
	Capital Project Funds	75,000	26,355	-	1,856,725	-	-	1,958,080
	Internal Service Funds	-	-	-	-	18,428	-	18,428
	Utility Funds	-	-	-	2,013,631	88,193	-	2,101,824
		<u>\$ 183,292</u>	<u>\$ 208,095</u>	<u>\$ 1,785,157</u>	<u>\$ 5,117,996</u>	<u>\$ 131,631</u>	<u>\$ 53,665</u>	<u>\$ 7,479,836</u>

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

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 addition 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, 2016 consisted of the following:

		<u>DUE FROM</u>		
		<u>Golf Course</u>	<u>Capital Projects</u>	<u>Total</u>
<b>DUE TO</b>	General Fund	\$ 1,225,000	\$ 808,000	\$ 2,033,000
	Total	<u>\$ 1,225,000</u>	<u>\$ 808,000</u>	<u>\$ 2,033,000</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 the Citywide Safety Project Fund for temporary cash flow needs. The loan was repaid in January 2017.

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. The additional loan of \$550,000 is to be used to fund construction to add fifty additional parking lot spaces at the Golf Course. The additional loan is scheduled to be made in two installments, \$125,000 in 2016 and \$425,000 in 2017.

**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, 2016 was \$295,418 in governmental activities and \$53,342 in business-type activities. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
2017	\$ 304,491	\$ 45,843
2018	182,695	46,814
2019	159,577	47,469
2020	160,950	48,002
2021	46,387	18,276
2022-2026	-	19,064
	<u>\$ 854,100</u>	<u>\$ 225,468</u>

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

Printers and Copiers

The City leases many office printers and copiers under non-cancellable operating leases. Total costs for these leases for the year ending December 31, 2016 was \$60,250 in governmental activities and \$673 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>
2017	\$ 59,321	\$ 673
2018	59,321	673
2019	59,321	673
2020	56,040	673
2021	3,281	-
	<u>\$ 237,284</u>	<u>\$ 2,692</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, 2016 (includes internal service fund):

	Outstanding 1/1/2016	Additions	Reductions	Outstanding 12/31/2016	Amounts Due in One Year
<b>Governmental Activities</b>					
2005 general obligation bonds (800 Mhz)	\$ 470,221	\$ -	\$ 104,146	\$ 366,075	\$ 108,951
2009 general obligation refunding bonds	645,000	-	315,000	330,000	330,000
2012 general obligation bonds	23,820,000	-	445,000	23,375,000	455,000
Special assessment bonds	1,105,000	-	490,000	615,000	380,000
Claims and judgements payable	34,750	53,915	-	88,665	-
Compensated absences	4,473,698	-	53,532	4,420,166	1,123,571
Net pension liability	11,721,472	1,758,763	-	13,480,235	-
Other post-employment benefits	4,461,071	1,359,851	-	5,820,922	-
<b>Total Governmental Activities</b>	<b>\$ 46,731,212</b>	<b>\$ 3,172,529</b>	<b>\$ 1,407,678</b>	<b>\$ 48,496,063</b>	<b>\$ 2,397,522</b>
<b>Business-Type Activities</b>					
2008 utility improvement refunding bonds	\$ 4,170,000	\$ -	\$ 275,000	\$ 3,895,000	\$ 285,000
2010 utility system revenue bonds	7,145,000	-	295,000	6,850,000	305,000
2015 utility system revenue bonds	24,075,000	-	695,000	23,380,000	815,000
Unamortized (Premiums)/Discounts	1,717,602	-	126,494	1,591,108	-
Net pension liability	2,340,634	370,610	-	2,711,244	-
Compensated absences	306,250	56,386	-	362,636	108,977
<b>Total Business-Type Activities</b>	<b>\$ 39,754,486</b>	<b>\$ 426,996</b>	<b>\$ 1,391,494</b>	<b>\$ 38,789,988</b>	<b>\$ 1,513,977</b>

Since internal service funds predominately serve the governmental funds, their long-term liabilities are included as part of the above totals for governmental activities. At year end \$69,638 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are generally liquidated by the general fund.

The bonds associated with the special assessment (LID) are secured by the assessments levied against property owners in the LID boundaries and further secured by the City’s Local Improvement Guarantee Fund (LIG). If the property owners fail to make payments the City can pursue foreclosure and sale of the property. The bonds are not general obligation debt of the City, and the City is acting only as an agent and is in no way liable for the debt. Bondholder remedies against the City are confined to mandating City officials perform their statutory duty to enforce assessments and apply proceeds of the LIG to principal and interest payments. Delinquent LID accounts at December 31, 2016 totaled \$14,317 including interest and penalties.

Arbitrage occurs when the City invests funds borrowed at tax-exempt rates of interest in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government. At the fund level, the City recognizes this liability only when it is due and payable. The City had no arbitrage excess earnings liability in 2016.

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

The annual total requirements to amortize the debt outstanding for general obligation, revenue bonds, special assessment and installment notes payable as of December 31, 2016, including interest, are as follows:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 1,273,951	\$ 955,156	\$ 1,405,000	\$ 1,312,801	\$ 4,946,908
2018	1,170,536	898,539	1,470,000	1,247,537	4,786,612
2019	966,588	827,642	1,535,000	1,180,338	4,509,568
2020	860,000	796,013	1,605,000	1,125,837	4,386,850
2021	895,000	761,613	1,675,000	1,043,038	4,374,651
2022-2026	4,960,000	3,322,688	9,605,000	3,987,637	21,875,325
2027-2031	5,875,000	2,411,738	10,545,000	2,027,468	20,859,206
2032-2036	7,090,000	1,189,763	6,285,000	524,889	15,089,652
2037-2038	1,595,000	63,800	-	-	1,658,800
Total	<u>\$ 24,686,075</u>	<u>\$ 11,226,952</u>	<u>\$ 34,125,000</u>	<u>\$ 12,449,545</u>	<u>\$ 82,487,572</u>

**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 at 5% 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% to 4%, paid semi-annually. The final principal and interest payment is scheduled for 2037. These bonds carry a Standard and Poor’s rating of AA+.

**Business-type Activities – Revenue Bonds** – The City has three 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.

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

**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.

**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 2016:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$(16,191,479)
Pension assets	\$3,517,974
Deferred outflows of resources	\$4,628,234
Deferred inflows of resources	\$(499,586)
Pension expense/expenditures	\$2,054,925

**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.

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

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).

**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 2016 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>

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

**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.

**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 2016 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2/3</b>
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>

The City’s actual PERS plan contributions were \$815,773 for to PERS 1 and \$1,004,660 to PERS 2/3 for the year ended December 31, 2016.

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

**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.

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 2016 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
<b>Total</b>	<b>11.54%</b>	<b>6.59%</b>

The City’s actual contributions to the plan were \$50,166 for PSERS Plan 2 for the year ended December 31, 2016.

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

**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 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**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 2016 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.05%	8.41%
Administrative Fee	.18%	
<b>Total</b>	<b>5.23%</b>	<b>8.41%</b>

The City’s actual contributions to the plan were \$719,240 for the year ended December 31, 2016.

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, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$468,892.

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

#### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. 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*.

- **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.

There were minor changes in methods and assumptions since the last valuation.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

#### **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.

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

**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, 2016, 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.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return Arithmetic
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>	

**Sensitivity of Net Pension Liability/(Asset)**

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	\$8,579,410	7,114,531	5,853,914
PERS 2/3	14,844,827	8,062,671	(\$4,197,086)
PSERS 2	\$386,634	\$89,042	(\$122,934)
LEOFF 1	(\$590,709)	(\$994,391)	(\$1,339,449)
LEOFF 2	\$7,076,820	(\$2,523,582)	(\$9,759,498)

**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, 2016, the City reported a total pension liability of \$11,748,271 for its proportionate share of the net pension liabilities (assets) as follows:

	Liability (or Asset)
PERS 1	\$7,114,531
PERS 2/3	\$8,062,671
PSERS 2	\$89,042
LEOFF 1	\$(994,392)
LEOFF 2	\$(2,523,582)

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

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:

	LEOFF 1 (Asset)	LEOFF 2 (Asset)
LEOFF 2 – employer’s proportionate share	\$(944,391)	\$(2,523,582)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	\$(6,726,035)	\$(1,645,192)
TOTAL	\$(7,720,426)	\$(4,168,774)

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	.136623%	.132475%	(.004148%)
PERS 2/3	.166966%	.160135%	(.006831%)
PSERS 2	.231513%	.209520%	(.021993%)
LEOFF 1	.095558%	.096516%	.0009580%
LEOFF 2	.456878%	.433881%	(.022997%)

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 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, 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 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.54 percent of employer contributions. The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2016, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$(653,761)
PERS 2/3	\$1,864,371
PSERS 2	\$101,856
LEOFF 1	\$(138,211)
LEOFF 2	\$934,659
TOTAL	\$2,108,914

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

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

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i><b>PERS 1</b></i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$179,133	\$0
Contributions subsequent to the measurement date	\$411,791	\$0
<b>TOTAL</b>	<b>\$590,924</b>	<b>\$0</b>

<i><b>PERS 2/3</b></i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$429,332	\$(266,162)
Net difference between projected and actual investment earnings on pension plan investments	\$986,638	\$0
Changes of assumptions	\$83,334	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(218,579)
Contributions subsequent to the measurement date	\$508,344	\$0
<b>TOTAL</b>	<b>\$2,007,648</b>	<b>\$(484,741)</b>

<i><b>PSERS 2</b></i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$30,330	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$18,364	\$0
Changes of assumptions	\$346	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(1,089)
Contributions subsequent to the measurement date	\$27,029	\$0
<b>TOTAL</b>	<b>\$76,069</b>	<b>\$(1,089)</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	\$101,078	\$0
<b>TOTAL</b>	\$101,078	\$0

<b>LEOFF 2</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$345,799	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$906,824	\$0
Changes of assumptions	\$9,515	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$220,139	\$0
Contributions subsequent to the measurement date	\$369,434	\$0
<b>TOTAL</b>	\$1,851,711	\$0

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 ending December 31, 2017. 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:	Total	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF2
2017	\$(88,054)	\$(44,106)	\$(63,053)	\$5,795	\$(20,888)	\$34,198
2018	\$(88,054)	\$(44,106)	\$(63,053)	\$5,795	\$(20,888)	\$34,198
2019	\$1,751,513	\$164,514	\$686,533	\$17,110	\$87,541	\$795,815
2020	\$1,188,046	\$102,831	\$454,136	\$13,366	\$55,313	\$562,400
2021	\$61,592	\$0	\$0	\$5,926	\$0	\$55,666
Thereafter	\$(41)	\$0	\$0	\$(41)	\$0	\$0

**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, 2016, 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, 2016 the FPF had \$409,718 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, 2016 the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 0.0 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 net pension liability was measured as of December 31, 2016, and the actuarial valuation date on which the total pension liability is based was as of December 31, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

- **Discount rate:** 3.75% - Rate applied in the measurement of the total pension liability
- **Inflation:** 2.00% - total economic inflation, 2.50% wage inflation.
- **Investment rate of return:** 3.75% - 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 3.75% as well as what the pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.75%) or 1-percentage point higher (4.75%) than the current rate:

	1% decrease	Current Disc. Rate	1% Increase
	2.75%	3.75%	4.75%
Net Pension Liability	\$1,085,261	\$925,235	\$790,107

**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 12/31/2015</b>	<b>\$1,417,076</b>	<b>\$509,670</b>	<b>\$907,406</b>
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest	47,947	-	47,947
Changes in assumptions	(38,717)	-	(38,717)
Differences between expected and actual experience	-	-	-
Contributions – employer	-	55,130	(55,130)
Contributions – employees	-	-	-
Net investment income	-	-	-
Benefit payments and withdraws (pension expense)	(94,313)	(94,313)	-
Administrative expense	-	(4,250)	4,250
Other changes	-	(59,479)	59,479
<b>Net changes</b>	<b>(85,083)</b>	<b>(102,912)</b>	<b>17,829</b>
<b>Balance at 12/31/2016</b>	<b>1,331,993</b>	<b>406,758</b>	<b>925,235</b>
Plan fiduciary net position as a percentage of the total pension liability		<b>30.5%</b>	

**Pension Expense and Deferred Inflows and Outflows of Resources**

	Pension Expense
Pension expense recognized for fiscal year ending 2015	\$342,995
Pension expense recognized for fiscal year ending 2016	\$ 64,068

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to 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	\$-	\$12,952
Changes of assumptions	\$-	\$-
Contributions subsequent to the measurement date	\$-	\$-
<b>TOTAL</b>	<b>\$-</b>	<b>\$12,952</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
2017	3,290
2018	3,290
2019	3,290
2020	3,082
2021	-
Thereafter	\$12,952

**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, 2016, 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 December 31, 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 December 31, 2016 calculation:

	<u>PVFB</u>	<u>AAL</u>
Inactive: Medical Expenses	\$16,454,728	\$16,454,728
Long-Term Care	8,790,104	8,790,104
<b>Total Inactive</b>	<b><u>\$25,244,833</u></b>	<b><u>\$25,244,833</u></b>
ARC		
Normal Cost	\$ -	
UAAL Amortization	2,270,548	
<b>ARC</b>	<b><u>\$ 2,270,548</u></b>	
Annual OPEB Cost		
ARC	\$ 2,270,548	
NOO Interest	178,443	
NOO Amortization	(\$ 401,234)	
<b>Annual OPEB Cost</b>	<b><u>\$ 2,047,757</u></b>	
NOO		
Starting NOO	\$ 4,461,071	
Annual OPEB Cost	2,047,757	
Contributions	687,906	
<b>NOO</b>	<b><u>\$ 5,820,922</u></b>	

The net OPEB obligation of \$5,820,922 (FY 2016) is included as a noncurrent liability on the City’s Statement of Net Position. The City’s actuarial accrued liability (AAL) of \$25,244,833 was unfunded as of December 31, 2016. The City’s OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015 and 2016 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, 2014	\$1,413,184	61%	\$3,093,333
December 31, 2015	\$2,191,225	38%	\$4,461,071
December 31, 2016	\$2,047,757	35%	\$5,820,922

**Funded Status and Schedule of Funding Progress**

As of December 31, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$25.2 million and the actuarial value of the assets was zero percent resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$25.2 million.

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

**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	\$ 20,841
	<u>\$ 20,841</u>

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

**Nonmajor Governmental Funds:**

Capital Projects	\$ 10,400,656
Drug Enforcement/Criminal Justice	3,063,857
Debt Service	787,045
Tourism promotion	1,023,826
Street improvements	375,461
Solid Waste Management	37,130
<b>Total Nonmajor Governmental Funds</b>	<u>\$ 15,687,975</u>

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

**General Fund:**

Revenue Stabilization	\$ 6,000,000
<b>Total General Fund</b>	<u>\$ 6,000,000</u>

**Other Governmental Funds:**

Capital Projects	\$ 143,169
Debt Service	477,191
Tree Reserve	162,603
Art Reserve	18,680
Aid Car Reserve	15,818
<b>Total Other Governmental Funds</b>	<u>\$ 817,461</u>

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

**General Fund:**

Economic Development	\$ 4,551,024
<b>Total General Fund</b>	<u>\$ 4,551,024</u>

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

- **Net Investment in Capital Assets** – The net investment in capital assets, reported on the government-wide statement of net position as of December 31, 2016 are as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Total capital assets	\$ 231,272,253	\$ 121,111,727
Less accumulated depreciation	84,544,838	51,304,987
Net capital assets	146,727,415	69,806,740
Less: retainage payable	-	(183,886)
Less: capital related debt	(24,686,074)	(34,125,000)
Add: unspent bond proceeds	-	8,433,552
Less: unamortized bond premium	-	(1,591,108)
Net investment in capital assets	\$ 122,041,341	\$ 42,340,298

**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, 2016, there are 206 members in the program.

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

The program acquires liability insurance through their Administrator, Clear Risk Solutions 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. Effective August 2016, the City's deductible for vehicles was decreased to \$5,000. 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.

**Note 4 – Other Notes (Continued)**

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. On July 21, 2014, the Board passed a resolution changing the CIAW's renewal date from September 1st to December 1st beginning with the 2014-15 policy term. Premiums were pro-rated for the extension period. Invoices and certificates were issued accordingly. The program has no employees. Claims are filed by members with Clear Risk Solutions, 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, 2016, were \$582,490.

The claims and judgement payable reported in the schedule Changes in Long Term Liabilities in Note 3-G represents total deductibles of outstanding claims at the end of the year.

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, 2016, 206 cities/towns/non-city entities participate in the AWC Trust HCP.

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

#### ***Note 4 – Other Notes (Continued)***

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, 2016. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

In 2016, the City settled a lawsuit the City filed against four contractors and vendors (defendants) concerning certain defects in construction and equipment supplied by them, purchased by the City, and used for the Recreation Center Expansion and Remodel project that took place in 2012. Connected with the resolution of the lawsuit, the City entered into a settlement agreement with the defendants in December 2016. Under the terms of the settlement agreement, the defendants to the lawsuit were ordered to pay the City \$1.4 million, to waive all other claims and charges due, and to release the City and its representatives from any further claims or liabilities. The City was required to pay the General Contractor \$163,073 plus applicable sales tax for outstanding change orders. The City received the funds in 2017 and paid the contractor in 2016.

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.

#### ***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.

**Note 4 – Other Notes (Continued)**

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, 2016, the City owned an equity interest in the SERS joint venture of \$402,988. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2016. 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, 2016, the City of Lynnwood owned an equity interest in the SNOCOM joint venture of \$863,105. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2016. 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.

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

**Note 4 – Other Notes (Continued)**

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:

<b>Fiscal Year (7/1/xx-6/30/xx)</b>	<b>AHA Budget</b>	<b>City's Share of AHA's Budget</b>	
		<b>Amount</b>	<b>Percentage</b>
2014	\$ 92,543	\$ 2,216	2.39%
2015	\$ 123,464	\$ 2,143	2.29%
2016	\$ 145,590	\$ 2,115	1.47%
2017	\$ 97,934	\$ 3,173	5.40%

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 bi-annual basis. There was \$120,643 in construction activity during 2016 and Lynnwood's share of maintenance costs totaled \$74,030.

**4-E. Tax Abatements**

On May 29, 2007, the City Council adopted Ordinance 2681 under the authority granted to it under Chapter 84.14 RCW designating the City Center Sub-Area as a Designated Residential Target Area and establishing the Multiple-Unit Housing Property Tax Exemption program. The Ordinance enacted the program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Snohomish County Assessor that the owner is eligible to receive a limited property tax exemption. The program is designed to encourage new construction or rehabilitation of multifamily housing Residential Target Areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and to encourage development densities supportive of transit use.

On January 16, 2015, a Developer submitted an application to the City for a Multiple-Unit Housing Property Tax Exemption for the development known as the City Center Apartments located within the City Center Sub-Area. On April 15, 2015, the City Council approved the agreement and the project. Construction began on the property in 2015 and is scheduled to be completed in 2017. The taxpayer is not eligible for the exemption until the completion of the project and certain development and reporting conditions are met. Land is excluded from the exemption.

**Note 4 – Other Notes (Continued)**

The project was not completed during the 2016 tax year so no property taxes were abated for the 2016 financial reporting period. Snohomish County Assessor’s Office pending real property values show the 2016 property improvement assessed value as \$4,748,500. Applying the City 2016 levy rate of \$2.299 per \$1,000 of assessed value, the estimated tax exemption amount for 2016 would have been \$10,917.

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

	Net Position		
	Governmental Activities	Business-type Activities	Total
Net Position previously reported at December 31, 2015	\$ 149,957,960	\$ 51,395,749	\$ 201,353,709
Rounding correction to Debt Service from 2015	(29)	-	(29)
Correction to Capital Assets reported in 2015	(1,235,537)	598,470	(637,067)
Correction to Internal Service Funds chargeback in 2015	(173,544)	173,544	-
Beginning Net Position as Restated, December 31, 2015	<u>\$ 148,548,850</u>	<u>\$ 52,167,763</u>	<u>\$ 200,716,613</u>

**Capital Assets** – The City discovered an overstatement of capital assets when reconciling Phase I Interurban Trail project costs with the capital asset accounting system. The City corrected the error and reported the net change as a prior period adjustment (see also Note 3-D). The City also discovered a 2015 overstatement of Business-type Activity expenditures from discrepancies between capital outlays reported in the financial statements and asset additions in the capital asset accounting system. The City corrected the error and reported the net change as a prior period adjustment.

**Internal Service Chargeback** – The City discovered an error in the internal service funds reported in 2015 as charges to business-type activities. The City corrected the error and reported the net change as a prior period adjustment.

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

- The following funds have been closed at 1/1/2016:
  - ✓ Special Revenue – Arterial Street Fund 112
  - ✓ Capital Projects – Sidewalks and Pedestrian Improvements Fund 312

**4-H. Subsequent Events**

**Regional Fire Authority**

In October of 2016, the Lynnwood City Council and the Snohomish County Fire District 1 Board of Commissioners adopted resolutions to form a Planning Committee to develop a Regional Fire Authority Plan to be presented to area voters in 2017. A Regional Fire Authority (RFA) is a special purpose district created by a vote of the people to consolidate and regionalize fire and emergency services. State law provides the framework for cities, towns and fire districts to consider forming an RFA as a way to gain service efficiencies through consolidation while retaining local control.

An RFA Planning Committee was formed with the task to create and propose a plan (RFA Plan) for a regional fire authority encompassing the entire territory within the jurisdictional boundaries of the District and the City. The RFA Planning Committee has taken up discussion of possible finance, taxation, and governance options to be addressed in a proposed RFA Plan. The discussions are ongoing as of the date of this report.

The Planning Committee’s selected finance option will be incorporated into the RFA Plan to be adopted by the RFA Planning Committee and forwarded to the City Council and Fire District Board of Commissioners for a final decision on whether to forward the Plan to a public vote. There is action scheduled to take place at the May 8, 2017 Lynnwood City Council Meeting to approve the RFA Plan and move forward to go to the voters on the August 2017 ballot.

**Southwest Snohomish County Public Safety Communications Agency (SNOCOM) and Snohomish County Police Staff and Auxillary Services Center (SNOPAC) Merger**

In March 2017, the City of Lynnwood and other local government member agencies began discussions to consider merging the operations of SNOCOM and SNOPAC. SNOCOM and SNOPAC serve the citizens of the City of Lynnwood with emergency dispatch services. See Note 4-D Joint Ventures for other information.

## REQUIRED SUPPLEMENTARY INFORMATION

**City of Lynnwood, Washington**  
**Schedule of Revenues - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2015)*

	<u>Original Biennial Budget</u>	<u>Final Biennial Budget</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>Variance with Final Biennial Budget</u>
<b>Revenues</b>					
Taxes:					
Property tax	\$ 17,705,385	\$ 22,621,471	\$ 11,026,808	\$ 11,388,996	\$ (205,667)
Sales tax	36,477,257	38,727,257	19,223,331	21,138,281	1,634,355
Business taxes	13,117,072	13,117,072	6,922,723	6,728,795	534,446
Other taxes	2,739	2,739	3,787	3,254	4,302
Total Taxes	<u>67,302,453</u>	<u>74,468,539</u>	<u>37,176,649</u>	<u>39,259,326</u>	<u>1,967,436</u>
Licenses and Permits:					
Business licenses	5,630,851	5,630,851	2,349,937	2,430,004	(850,910)
Franchise taxes	913,198	913,198	512,228	517,937	116,967
Permits and fees	2,130,448	3,555,448	1,763,939	1,554,005	(237,504)
Total Licenses and Permits	<u>8,674,497</u>	<u>10,099,497</u>	<u>4,626,104</u>	<u>4,501,946</u>	<u>(971,447)</u>
Intergovernmental:					
Liquor Board taxes	727,836	727,836	434,467	486,141	192,772
Streamlined sales tax	452,333	452,333	261,509	258,026	67,202
Other	994,273	1,485,163	739,322	804,225	58,384
Total Intergovernmental	<u>2,174,442</u>	<u>2,665,332</u>	<u>1,435,298</u>	<u>1,548,392</u>	<u>318,358</u>
Charges for Services:					
Aid car fees	1,088,647	1,850,000	1,041,493	1,008,029	199,522
Planning fees	842,108	917,108	640,410	619,444	342,746
Interfund	3,425,868	3,425,868	-	-	(3,425,868)
Recreation	5,095,207	5,138,007	2,406,662	2,425,351	(305,994)
Other	1,297,343	1,447,504	653,071	471,578	(322,855)
Total Charges for Services	<u>11,749,173</u>	<u>12,778,487</u>	<u>4,741,636</u>	<u>4,524,402</u>	<u>(3,512,449)</u>
Fines and Forfeitures:	<u>7,851,300</u>	<u>9,501,300</u>	<u>4,875,564</u>	<u>4,705,795</u>	<u>80,059</u>
Miscellaneous					
Investment interest	54,270	54,270	(922)	237,386	182,194
Rents and concessions	640,980	640,980	298,638	299,801	(42,541)
Other	121,342	133,342	316,723	159,257	342,638
Total Miscellaneous	<u>816,592</u>	<u>828,592</u>	<u>614,439</u>	<u>696,444</u>	<u>482,291</u>
<b>Total Revenues</b>	<u>\$ 98,568,457</u>	<u>\$ 110,341,747</u>	<u>\$ 53,469,690</u>	<u>\$ 55,236,305</u>	<u>\$ (1,635,752)</u>

**City of Lynnwood, Washington**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2015)*

	<b>Original Biennial Budget</b>	<b>Final Biennial Budget</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>Variance with Final Biennial Budget</b>
<b>Expenditures</b>					
<b>General Government</b>					
Legislative/executive	\$ 2,857,196	\$ 2,519,506	\$ 1,087,548	\$ 1,255,427	\$ 176,531
Administrative services	9,630,090	10,965,925	3,997,053	3,927,483	3,041,389
Legal	2,550,000	3,250,000	1,561,085	1,467,098	221,817
Human Resources	1,250,054	1,741,477	601,579	634,763	505,135
Property management	2,879,103	2,990,219	1,520,010	1,416,730	53,479
<b>Total General Government</b>	<u>19,166,443</u>	<u>21,467,127</u>	<u>8,767,275</u>	<u>8,701,501</u>	<u>3,998,351</u>
<b>Economic Environment</b>	<u>6,434,537</u>	<u>7,644,355</u>	<u>2,931,068</u>	<u>3,659,433</u>	<u>1,053,854</u>
<b>Judicial</b>	<u>2,238,981</u>	<u>2,317,143</u>	<u>1,082,539</u>	<u>1,057,603</u>	<u>177,001</u>
<b>Natural Environment</b>	<u>287,527</u>	<u>291,827</u>	<u>114,567</u>	<u>118,567</u>	<u>58,693</u>
<b>Culture &amp; Recreation</b>	<u>11,642,745</u>	<u>12,290,461</u>	<u>5,764,728</u>	<u>6,160,770</u>	<u>364,963</u>
<b>Public Safety</b>					
Police	34,619,405	35,533,937	17,305,181	18,444,798	(216,042)
Fire	21,378,517	23,106,133	10,790,561	12,000,619	314,954
<b>Total Public Safety</b>	<u>55,997,922</u>	<u>58,640,070</u>	<u>28,095,742</u>	<u>30,445,416</u>	<u>98,912</u>
<b>Social Services</b>	<u>929,401</u>	<u>974,401</u>	<u>460,061</u>	<u>499,366</u>	<u>14,974</u>
<b>Transportation</b>	<u>2,867,258</u>	<u>2,983,604</u>	<u>1,223,777</u>	<u>1,326,659</u>	<u>433,168</u>
<b>Utilities</b>	<u>524,761</u>	<u>524,761</u>	<u>-</u>	<u>-</u>	<u>524,761</u>
<b>Debt Service</b>	<u>350</u>	<u>350</u>	<u>1,091</u>	<u>600</u>	<u>(1,341)</u>
<b>Capital Outlay</b>	<u>101,733</u>	<u>685,998</u>	<u>126,585</u>	<u>147,980</u>	<u>411,433</u>
<b>Total Expenditures</b>	<u>\$ 100,191,658</u>	<u>\$ 107,820,097</u>	<u>\$ 48,567,433</u>	<u>\$ 52,117,895</u>	<u>\$ 7,134,769</u>

The City's budget is adopted on a GAAP basis.

**City of Lynnwood, Washington**  
*Schedule of Proportionate Share of the Net Pension Liability/Asset*  
*As of June 30*

**PERS 1**

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.132475%	0.136623%
Employer's proportionate share of the net pension liability	\$ 7,114,531	\$ 7,146,653
Employer's covered employee payroll	\$ 96,673	\$ 70,207
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	7359.38%	10179.40%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%

**PERS 2/3**

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.160135%	0.166966%
Employer's proportionate share of the net pension liability	\$ 8,062,671	\$ 5,965,790
Employer's covered employee payroll	\$ 14,924,219	\$ 14,819,525
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	54.02%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%

**PSERS 2**

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.209520%	0.231513%
Employer's proportionate share of the net pension liability	\$ 89,042	\$ 42,256
Employer's covered employee payroll	\$ 679,047	\$ 677,061
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	13.11%	6.24%
Plan fiduciary net position as a percentage of the total pension liability	90.41%	95.08%

**LEOFF 1**

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.096516%	0.095558%
Employer's proportionate share of the net pension asset	\$ 994,391	\$ 994,391
Employer's covered employee payroll	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	123.74%	127.36%

**LEOFF 2**

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.433881%	0.456878%
Employer's proportionate share of the net pension asset	\$ 2,523,582	\$ 4,695,792
Employer's covered employee payroll	\$ 13,144,036	\$ 13,258,319
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	19.20%	35.42%
Plan fiduciary net position as a percentage of the total pension asset	106.04%	111.67%

*The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2015.*

**City of Lynnwood, Washington**  
*Schedule of Employer Contributions*  
*As of December 31*

**PERS 1**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 815,773	\$ 666,898
Contributions in relation to the contractually required contributions	<u>(815,773)</u>	<u>(666,898)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$16,981,523	\$15,137,651
Contributions as a percentage of covered employee payroll	4.80%	4.41%

**PERS 2/3**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,773,885	\$ 1,441,968
Contributions in relation to the contractually required contributions	<u>(1,773,885)</u>	<u>(1,441,968)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$16,127,212	\$14,415,414
Contributions as a percentage of covered employee payroll	11.00%	10.00%

**PSERS 2**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 86,478	\$ 71,594
Contributions in relation to the contractually required contributions	<u>(86,478)</u>	<u>(71,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$ 761,251	\$ 658,733
Contributions as a percentage of covered employee payroll	11.36%	10.87%

*The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2015.*

**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*

	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	(0.433881%)	(0.456878%)
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (2,523,582)	\$ (4,695,792)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (1,645,192)	\$ (3,104,893)
<b>TOTAL</b>	<b>\$ (4,168,774)</b>	<b>\$ (7,800,685)</b>
<u>Employer's covered employee payroll</u>	\$ 13,144,036	\$ 13,258,319
<u>Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll</u>	19.20%	35.42%
<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>	106.04%	111.67%

*The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2015.*

*Schedule of Employer Contributions  
Law Enforcement Officers' and Fire Fighters' Retirement Plan 2  
State Sponsored Plans  
As of December 31*

	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 719,240	\$ 641,223
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (719,240)	\$ (641,223)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Covered employer payroll</u>	\$ 14,242,374	\$ 12,697,473
<u>Contributions as a percentage of covered employee payroll</u>	5.05%	5.05%

*The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2015.*

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	47,947	41,432	41,801
Changes in benefit terms	-	-	54,392
Differences between expected and actual experience	(38,717)	32,573	-
Changes of assumptions	-	194,582	-
Benefit payments	(94,313)	(70,585)	(73,119)
<b>Net change in total pension liability</b>	(85,083)	198,002	23,074
<b>Total pension liability - beginning</b>	1,417,076	1,219,074	1,196,000
<b>Total pension liability - ending (a)</b>	<u>1,331,993</u>	<u>1,417,076</u>	<u>1,219,074</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	55,130	55,515	56,875
Contributions - nonemployer contributing entities	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	651
Benefit payments, including refunds of contributions	(94,313)	(70,585)	(73,119)
Administrative expense	(4,250)	-	(21,825)
Other	(59,479)	(90,652)	(45,326)
<b>Net change in plan fiduciary net position</b>	(102,912)	(105,722)	(82,744)
<b>Plan fiduciary net position - beginning</b>	509,670	615,392	698,136
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 406,758</u>	<u>\$ 509,670</u>	<u>\$ 615,392</u>
<b>Net pension liability ending (a) - (b)</b>	<u>\$ 925,235</u>	<u>\$ 907,406</u>	<u>\$ 603,682</u>
<b>Plan fiduciary net position as a % of total pension liability (b)/(a)</b>	30.5%	36.0%	50.5%
<b>Covered-employee payroll</b>	0	0	0
<b>Net pension liability as a % of covered employee payroll</b>	0.00%	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*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially/statutorily/contractually determined contribution	\$ 77,442	\$43,999	\$43,999	\$51,946	\$51,946	\$49,477	\$49,477	\$40,127	\$40,127	\$16,267
Actual contribution in relation to the above *	<u>(4,349)</u>	<u>(35,137)</u>	<u>(10,276)</u>	<u>(3,753)</u>	<u>1,536</u>	<u>(11,407)</u>	<u>1,202</u>	<u>6,787</u>	<u>(11,945)</u>	<u>3,998</u>
Contribution deficiency (excess)	<u>\$ 81,791</u>	<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>
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 Full 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 - 3.75%

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>2016</u>	<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>
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.09%	0.14%	0.16%	0.22%	0.76%	1.69%	3.57%	5.03%

**City of Lynnwood, Washington**  
*Schedule of Funding Progress*  
**LEOFF 1 Retiree Medical and Long-Term Care Benefits**  
*As of December 31, 2016*

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL
12/31/2016	-	23,783,358	0%	23,783,358
12/31/2015	-	26,080,505	0%	26,080,505
12/31/2013	-	23,070,000	0%	23,070,000
12/31/2010	-	21,614,000	0%	21,614,000
12/31/2007	-	18,127,000	0%	18,127,000

**SUPPLEMENTARY FINANCIAL INFORMATION**

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - By Fund Type**  
**December 31, 2016**

	<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	\$ 3,677,075	\$ 529,369	\$ 7,778,374	\$ 11,984,818
Investments	1,732,236	212,453	\$ 1,198,544	3,143,233
Receivables:				
Accounts	72,585	1,382,067	1,495,614	2,950,266
Taxes	343,721	-	409,030	752,751
Intergovernmental	16,029	-	1,163,590	1,179,619
Restricted assets	103,545	-	-	103,545
<b>Total Assets</b>	<b>\$ 5,945,191</b>	<b>\$ 2,123,889</b>	<b>\$ 12,045,152</b>	<b>\$ 20,114,232</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 104,760	\$ -	\$ 612,977	\$ 717,737
Accrued salaries and wages payable	50,153	-	-	50,153
Interfund payable	-	-	808,000	808,000
Other current liabilities payable	958	-	167,387	168,345
Unearned revenue	1,004,908	-	-	1,004,908
<b>Total Liabilities</b>	<b>1,160,779</b>	<b>-</b>	<b>1,588,364</b>	<b>2,749,143</b>
<b>Deferred Inflows - Special Assessments</b>	<b>-</b>	<b>859,653</b>	<b>-</b>	<b>859,653</b>
<b>Fund Balances</b>				
Committed	197,101	477,191	143,169	817,461
Restricted	4,587,311	787,045	10,313,619	15,687,975
<b>Total Liabilities, Deferred Fund Balances</b>	<b>\$ 5,945,191</b>	<b>\$ 2,123,889</b>	<b>\$ 12,045,152</b>	<b>\$ 20,114,232</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, 2016**

	<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>Revenues</b>				
Taxes	\$ 2,915,054	\$ -	\$ 2,172,992	\$ 5,088,046
Intergovernmental	2,390,233	-	2,994,342	5,384,575
Special assessments	-	454,227	-	454,227
Charges for services	307,106	7,763	7,215	322,084
Licenses and permits	255,289	-	-	255,289
Other interest	-	84,937	-	84,937
Fines and forfeitures	17,081	-	-	17,081
Investment interest	19,670	-	18,174	37,844
Judgements and settlements	-	-	1,440,000	1,440,000
Miscellaneous	11,983	-	5,267	17,250
<b>Total Revenues</b>	<b>5,916,416</b>	<b>546,927</b>	<b>6,637,990</b>	<b>13,101,333</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,393,997	-	87,007	1,481,004
Public safety	482,650	-	-	482,650
Transportation	2,141,777	-	2,016,676	4,158,453
Natural environment	11,609	-	-	11,609
Culture and recreation	3,213	-	177,725	180,938
Utilities	24,666	-	-	24,666
<b>Capital Outlay</b>	<b>708,939</b>	<b>-</b>	<b>4,483,677</b>	<b>5,192,616</b>
<b>Debt Service:</b>				
Principal retirement	-	1,354,146	-	1,354,146
Interest and fiscal charges	-	992,516	-	992,516
<b>Total Expenditures</b>	<b>4,766,851</b>	<b>2,346,662</b>	<b>6,765,085</b>	<b>13,878,598</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,149,565</b>	<b>(1,799,735)</b>	<b>(127,095)</b>	<b>(777,265)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from disposition of assets	6,501	-	-	6,501
Transfers in	208,095	1,785,157	5,117,996	7,111,248
Transfers out	(1,286,136)	(68,957)	(1,958,081)	(3,313,174)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,071,540)</b>	<b>1,716,200</b>	<b>3,159,915</b>	<b>3,804,575</b>
<b>Net Change in Fund Balances</b>	<b>78,025</b>	<b>(83,535)</b>	<b>3,032,820</b>	<b>3,027,310</b>
<b>Fund Balances Beginning of Year</b>	<b>4,706,387</b>	<b>1,347,771</b>	<b>7,423,968</b>	<b>13,478,126</b>
<b>Fund Balances End of Year</b>	<b>\$ 4,784,412</b>	<b>\$ 1,264,236</b>	<b>\$ 10,456,788</b>	<b>\$ 16,505,436</b>

**City of Lynnwood, Washington**  
**General Fund**  
**Comparative Balance Sheet**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,389,724	\$ 13,212,742
Investments	3,813,014	1,155,959
Receivables:		
Accounts	4,703,598	4,281,764
Property taxes	92,102	84,035
Sales taxes	4,168,461	3,961,483
Utility taxes	949,781	1,017,825
Other taxes	-	17,581
Intergovernmental	368,765	346,265
Interfund	2,033,000	1,645,000
Prepaid items	20,841	103,119
<b>Total Assets</b>	<u>\$ 27,539,286</u>	<u>\$ 25,825,773</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 928,195	\$ 1,223,350
Accrued salaries and wages payable	1,687,740	1,354,883
Custodial accounts payable	3,289	2,810
Other current liabilities payable	285,846	287,715
<b>Total Liabilities</b>	2,905,070	2,868,758
<b>Deferred Inflows of Resources</b>	<u>3,948,268</u>	<u>3,526,359</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,853,338</u>	<u>6,395,117</u>
<b>Fund Balances</b>		
Nonspendable	20,841	103,119
Committed	6,000,000	5,814,864
Assigned	4,551,024	2,019,324
Unassigned	10,114,083	11,493,349
<b>Total Fund Balances</b>	<u>20,685,948</u>	<u>19,430,656</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 27,539,286</u>	<u>\$ 25,825,773</u>

**City of Lynnwood, Washington**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Property taxes	\$ 11,388,996	11,026,808
Sales taxes	21,138,281	19,223,331
Business taxes	6,728,795	6,922,723
Other taxes	3,254	3,787
Licenses and permits	4,501,946	4,626,104
Intergovernmental revenues	1,548,392	1,435,298
Charges for services	4,524,402	4,741,636
Fines and forfeitures	4,705,795	4,875,564
Investment earnings	237,386	(922)
Rents and concessions	299,801	298,638
Miscellaneous	159,257	316,723
<b>Total Revenues</b>	<b>55,236,305</b>	<b>53,469,690</b>
<b>Expenditures</b>		
<b>Current:</b>		
General government	8,701,501	8,767,275
Economic environment	3,659,433	2,931,068
Judicial	1,057,603	1,082,539
Natural environment	118,567	114,567
Culture and recreation	6,160,770	5,764,728
Public safety	30,445,416	28,095,742
Social services	499,366	460,061
Transportation	1,326,659	1,223,777
<b>Debt service:</b>		
Interest	600	1,091
<b>Capital outlay</b>	<b>147,980</b>	<b>126,585</b>
<b>Total Expenditures</b>	<b>52,117,895</b>	<b>48,567,433</b>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	<b>3,118,410</b>	<b>4,902,257</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	183,293	88,395
Transfers (out)	(2,046,411)	(3,462,313)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,863,118)</b>	<b>(3,373,918)</b>
<b>Net Change in Fund Balances</b>	<b>1,255,292</b>	<b>1,528,339</b>
<b>Fund Balances Beginning of Year</b>	<b>19,430,656</b>	<b>17,902,317</b>
<b>Fund Balances End of Year</b>	<b>\$ 20,685,948</b>	<b>\$ 19,430,656</b>

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2016**

	<u>Lodging Tax</u>	<u>Drug Enforcement</u>	<u>Criminal Justice Reserve</u>	<u>Transportation Impact Fee</u>	<u>Streets</u>	<u>Cumulative Park Reserve and Development</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 541,841	\$ 213,264	\$ 1,434,786	\$ 35,632	\$ 118,190	\$ 45,483
Investments	389,577	153,336	1,031,596	25,619	84,977	32,702
Receivables:						
Accounts	-	-	-	-	28,768	-
Taxes	101,340	-	124,466	-	117,915	-
Intergovernmental	-	2,784	9,453	-	138	-
Restricted cash and investments	-	103,545	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,032,758</u>	<u>\$ 472,929</u>	<u>\$ 2,600,301</u>	<u>\$ 61,251</u>	<u>\$ 349,988</u>	<u>\$ 78,185</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 4,760	\$ 1,400	\$ -	\$ -	\$ 29,913	\$ -
Accrued salaries and wages payable	4,172	4,109	3,864	-	38,008	-
Other liabilities	-	-	-	-	958	-
Unearned revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	8,932	5,509	3,864	-	68,879	-
<b>Fund Balances</b>						
Committed	-	-	-	-	-	-
Restricted	1,023,826	467,420	2,596,437	61,251	281,109	78,185
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,032,758</u>	<u>\$ 472,929</u>	<u>\$ 2,600,301</u>	<u>\$ 61,251</u>	<u>\$ 349,988</u>	<u>\$ 78,185</u>

(continued)

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2016**

(continued)

	<b>Cumulative Art Reserve</b>	<b>Cumulative Aid Car Reserve</b>	<b>Tree Fund Reserve</b>	<b>Paths and Trials</b>	<b>Solid Waste</b>	<b>Transportation Benefit District</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 10,867	\$ 9,202	\$ 162,603	\$ 1,070,649	\$ 33,476	\$ 1,082	\$ 3,677,075
Investments	7,813	6,616	-	-	-	-	1,732,236
Receivables:							
Accounts	-	-	-	-	-	43,817	72,585
Taxes	-	-	-	-	-	-	343,721
Intergovernmental	-	-	-	-	3,654	-	16,029
Restricted assets	-	-	-	-	-	-	103,545
<b>Total Assets</b>	<b>\$ 18,680</b>	<b>\$ 15,818</b>	<b>\$ 162,603</b>	<b>\$ 1,070,649</b>	<b>\$ 37,130</b>	<b>\$ 44,899</b>	<b>\$ 5,945,191</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 56,889	\$ -	\$ 11,798	104,760
Accrued salaries and wages payable	-	-	-	-	-	-	50,153
Other liabilities	-	-	-	-	-	-	958
Unearned revenue	-	-	-	1,004,908	-	-	1,004,908
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,061,797</b>	<b>-</b>	<b>11,798</b>	<b>1,160,779</b>
<b>Fund Balances</b>							
Committed	18,680	15,818	162,603	-	-	-	197,101
Restricted	-	-	-	8,852	37,130	33,101	4,587,311
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,680</b>	<b>\$ 15,818</b>	<b>\$ 162,603</b>	<b>\$ 1,070,649</b>	<b>\$ 37,130</b>	<b>\$ 44,899</b>	<b>\$ 5,945,191</b>

**City of Lynnwood, Washington**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Nonmajor Special Revenue Funds**  
*For the Year Ended December 31, 2016*

	<b>Lodging Tax</b>	<b>Drug Enforcement</b>	<b>Criminal Justice Reserve</b>	<b>Transportation Impact Fee</b>	<b>Streets</b>	<b>Cumulative Park Reserve and Development</b>
<b>Revenues</b>						
Taxes	\$ 797,396	\$ -	\$ 614,564	\$ -	\$ 932,024	\$ -
Intergovernmental	692,671	88,486	70,555	-	826,360	-
Charges for services	-	-	30,918	236,863	39,325	-
Licenses and permits	-	-	-	-	135,705	-
Fines and forfeitures	-	17,081	-	-	-	-
Investment interest	-	2,241	14,370	307	419	501
Miscellaneous	5,111	-	286	6,099	-	487
<b>Total Revenues</b>	<b>1,495,178</b>	<b>107,808</b>	<b>730,693</b>	<b>243,269</b>	<b>1,933,833</b>	<b>988</b>
<b>Expenditures</b>						
<b>Current:</b>						
Public safety	-	172,666	309,984	-	-	-
Economic Development	1,393,997	-	-	-	-	-
Transportation	-	-	-	-	2,086,872	-
Natural environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	11,609
Utilities	-	-	-	-	-	-
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>15,329</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,393,997</b>	<b>172,666</b>	<b>325,313</b>	<b>-</b>	<b>2,086,872</b>	<b>11,609</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>101,181</b>	<b>(64,858)</b>	<b>405,380</b>	<b>243,269</b>	<b>(153,039)</b>	<b>(10,621)</b>
<b>Other Financing Sources</b>						
Insurance and claims	-	-	-	-	-	-
Proceeds from disposition of assets	-	-	6,501	-	-	-
Transfers in	-	-	-	-	206,739	-
Transfers out	-	-	(93,000)	(602,077)	(25,010)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(86,499)</b>	<b>(602,077)</b>	<b>181,729</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>101,181</b>	<b>(64,858)</b>	<b>318,881</b>	<b>(358,808)</b>	<b>28,690</b>	<b>(10,621)</b>
<b>Fund Balances Beginning of Year</b>	<b>922,645</b>	<b>532,278</b>	<b>2,277,556</b>	<b>420,059</b>	<b>252,419</b>	<b>88,806</b>
<b>Fund Balances End of Year</b>	<b>\$ 1,023,826</b>	<b>\$ 467,420</b>	<b>\$ 2,596,437</b>	<b>\$ 61,251</b>	<b>\$ 281,109</b>	<b>\$ 78,185</b>

(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, 2016**

(continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	Tree Fund Reserve	Solid Waste	Paths and Trials	Transportation Benefit District	Total Nonmajor Special Revenue Funds
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,070	\$ 2,915,054
Intergovernmental	-	-	-	18,551	693,610	-	2,390,233
Charges for services	-	-	-	-	-	-	307,106
Licenses and permits	-	-	119,584	-	-	-	255,289
Fines and forfeitures	-	-	-	-	-	-	17,081
Investment interest	121	95	-	-	-	1,616	19,670
Miscellaneous	-	-	-	-	-	-	11,983
<b>Total Revenues</b>	<u>121</u>	<u>95</u>	<u>119,584</u>	<u>18,551</u>	<u>693,610</u>	<u>572,686</u>	<u>5,916,416</u>
<b>Expenditures</b>							
<b>Current:</b>							
Public safety	-	-	-	-	-	-	482,650
General government	-	-	-	-	-	-	1,393,997
Transportation	-	-	13,921	-	-	40,984	2,141,777
Natural environment	-	-	-	-	-	-	11,609
Culture and recreation	3,213	-	-	-	-	-	3,213
Utilities	-	-	-	24,666	-	-	24,666
<b>Capital Outlay</b>	-	-	-	-	693,610	-	708,939
<b>Total Expenditures</b>	<u>3,213</u>	<u>-</u>	<u>13,921</u>	<u>24,666</u>	<u>693,610</u>	<u>40,984</u>	<u>4,766,851</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,092)</u>	<u>95</u>	<u>105,663</u>	<u>(6,115)</u>	<u>-</u>	<u>531,702</u>	<u>1,149,565</u>
<b>Other Financing Sources</b>							
Insurance and claims	-	-	-	-	-	-	-
Proceeds from disposition of assets	-	-	-	-	-	-	6,501
Transfers in	1,356	-	-	-	-	-	208,095
Transfers out	-	-	-	-	-	(566,049)	(1,286,136)
<b>Total Other Financing Sources (Uses)</b>	<u>1,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(566,049)</u>	<u>(1,071,540)</u>
<b>Net Change in Fund Balances</b>	<u>(1,736)</u>	<u>95</u>	<u>105,663</u>	<u>(6,115)</u>	<u>-</u>	<u>(34,347)</u>	<u>78,025</u>
<b>Fund Balances Beginning of Year</b>	<u>20,416</u>	<u>15,723</u>	<u>56,940</u>	<u>43,245</u>	<u>8,852</u>	<u>67,448</u>	<u>4,706,387</u>
<b>Fund Balances End of Year</b>	<u>\$ 18,680</u>	<u>\$ 15,818</u>	<u>\$ 162,603</u>	<u>\$ 37,130</u>	<u>\$ 8,852</u>	<u>\$ 33,101</u>	<u>\$ 4,784,412</u>

**City of Lynnwood, Washington**  
**Lodging Tax Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 541,841	\$ 689,520
Investments	389,577	147,300
Receivables:		
Taxes	101,340	91,275
Intergovernmental	-	166,507
<b>Total Assets</b>	<u>\$ 1,032,758</u>	<u>\$ 1,094,602</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,760	\$ 171,957
Accrued salaries and wages payable	4,172	-
<b>Fund Balances</b>		
Restricted	<u>1,023,826</u>	<u>922,645</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,032,758</u>	<u>\$ 1,094,602</u>

**City of Lynnwood, Washington**  
**Lodging Tax Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Taxes	\$ 797,396	\$ 827,053
Intergovernmental	692,671	666,028
Charges for services	-	-
Investment earnings	5,111	-
<b>Total Revenues</b>	1,495,178	1,493,081
<b>Expenditures</b>		
<b>Current:</b>		
Economic development	1,393,997	1,322,267
<b>Excess of Revenues Over Expenditures</b>	101,181	170,814
<b>Other Financing Uses</b>		
Transfers out	-	-
<b>Net Change in Fund Balances</b>	101,181	170,814
<b>Fund Balances Beginning of Year</b>	922,645	751,831
<b>Fund Balances End of Year</b>	\$ 1,023,826	\$ 922,645

**City of Lynnwood, Washington**  
**Lodging Tax Fund**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2016*

	<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	\$ 1,624,449	\$ 265,749
Intergovernmental	1,154,595	1,154,595	1,358,699	204,104
Investment earnings	2,010	2,010	5,111	3,101
<b>Total Revenues</b>	2,515,305	2,515,305	2,988,259	472,954
<b>Expenditures</b>				
<b>Current:</b>				
Economic development	2,552,595	2,552,595	2,716,264	(163,669)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(37,290)	(37,290)	271,995	309,285
<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>	271,995	<u>\$ 508,747</u>
<b>Fund Balances Beginning of Year</b>			<u>751,831</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,023,826</u>	

**City of Lynnwood, Washington**  
**Drug Enforcement Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 213,264	\$ 339,744
Investments	153,336	94,702
Intergovernmental receivables	2,784	-
Restricted cash and investments	<u>103,545</u>	<u>103,545</u>
<b>Total Assets</b>	<u><u>\$ 472,929</u></u>	<u><u>\$ 537,991</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,400	\$ 1,290
Wages payable	<u>4,109</u>	<u>4,423</u>
<b>Total Liabilities</b>	5,509	5,713
<b>Fund Balances</b>		
Restricted	<u>467,420</u>	<u>532,278</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 472,929</u></u>	<u><u>\$ 537,991</u></u>

**City of Lynnwood, Washington**  
**Drug Enforcement Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental revenue	\$ 88,486	\$ 189,882
Charges for Services	-	6,352
Fines and forfeitures	17,081	25,443
Investment earnings	2,241	-
<b>Total Revenues</b>	<b>107,808</b>	<b>221,677</b>
<b>Expenditures</b>		
<b>Current:</b>		
Public safety	172,666	77,904
<b>Capital Outlay</b>	<b>-</b>	<b>53,035</b>
<b>Total Expenditures</b>	<b>172,666</b>	<b>130,939</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(64,858)</b>	<b>90,738</b>
<b>Other Financing Sources (Uses)</b>		
Proceeds from disposition of capital assets	-	-
Transfers out	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(64,858)</b>	<b>90,738</b>
<b>Fund Balances Beginning of Year</b>	<b>532,278</b>	<b>441,540</b>
<b>Fund Balances End of Year</b>	<b>\$ 467,420</b>	<b>\$ 532,278</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, 2016*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 278,368	\$ 278,368
Charges for services	-	-	6,352	6,352
Fines and forfeitures	65,000	65,000	42,524	(22,476)
Investment interest	-	-	2,241	2,241
<b>Total Revenues</b>	<b>65,000</b>	<b>65,000</b>	<b>329,485</b>	<b>264,485</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	305,370	325,370	250,570	74,800
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>53,035</b>	<b>(53,035)</b>
<b>Total Expenditures</b>	<b>305,370</b>	<b>325,370</b>	<b>303,605</b>	<b>21,765</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(240,370)</b>	<b>(260,370)</b>	<b>25,880</b>	<b>286,250</b>
<b>Other Financing Uses</b>				
Transfers out	(120,000)	(120,000)	-	120,000
<b>Net Change in Fund Balances</b>	<b>\$ (360,370)</b>	<b>\$ (380,370)</b>	<b>25,880</b>	<b>\$ 406,250</b>
<b>Fund Balances Beginning of Year</b>			<b>441,540</b>	
<b>Fund Balances End of Year</b>			<b>\$ 467,420</b>	

**City of Lynnwood, Washington**  
***Criminal Justice Reserve Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,434,786	\$ 1,779,842
Investments	1,031,596	380,219
Receivables:		
Taxes	124,466	120,486
Intergovernmental	9,453	
<b>Total Assets</b>	<u>\$ 2,600,301</u>	<u>\$ 2,280,547</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Wages payable	\$ 3,864	\$ 2,991
<b>Fund Balances</b>		
Restricted	<u>2,596,437</u>	<u>2,277,556</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,600,301</u>	<u>\$ 2,280,547</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Taxes	\$ 614,564	\$ 579,186
Intergovernmental	70,555	88,802
Charges for services	30,918	29,577
Investment interest	14,370	-
Miscellaneous	286	(35)
<b>Total Revenues</b>	<u>730,693</u>	<u>697,530</u>
<b>Expenditures</b>		
<b>Current:</b>		
Public safety	309,984	93,141
<b>Capital Outlay</b>	<u>15,329</u>	<u>25,340</u>
<b>Total Expenditures</b>	<u>325,313</u>	<u>118,481</u>
<b>Excess of Revenues Over Expenditures</b>	405,380	579,049
<b>Other Financing Sources (Uses)</b>		
Proceeds from disposition of capital assets	6,501	-
Transfers out	<u>(93,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	318,881	579,049
<b>Fund Balances Beginning of Year</b>	<u>2,277,556</u>	<u>1,698,507</u>
<b>Fund Balances End of Year</b>	<u>\$ 2,596,437</u>	<u>\$ 2,277,556</u>

**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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,025,415	\$ 1,025,415	\$ 1,193,750	\$ 168,335
Intergovernmental	107,000	107,000	159,357	52,357
Charges for services	54,000	54,000	60,495	6,495
Investment income	10,000	-	14,370	14,370
Miscellaneous	-	-	251	251
<b>Total Revenues</b>	<u>1,196,415</u>	<u>1,186,415</u>	<u>1,428,223</u>	<u>241,808</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	250,400	250,400	403,125	(152,725)
<b>Capital Outlay</b>	<u>120,000</u>	<u>120,000</u>	<u>40,669</u>	<u>79,331</u>
<b>Total Expenditures</b>	<u>370,400</u>	<u>370,400</u>	<u>443,794</u>	<u>(73,394)</u>
<b>Other Financing Sources (Uses)</b>	-	-	(86,499)	(86,499)
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 826,015</u>	<u>\$ 816,015</u>	897,930	<u>\$ 81,915</u>
<b>Fund Balances Beginning of Year</b>			<u>1,698,507</u>	
<b>Fund Balances End of Year</b>			<u>\$ 2,596,437</u>	

**City of Lynnwood, Washington**  
***Transportation Impact Fees Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 35,632	\$ 346,117
Investments	25,619	73,942
<b>Total Assets</b>	<u>\$ 61,251</u>	<u>\$ 420,059</u>
 <b>Fund Balances</b>		
Restricted	<u>\$ 61,251</u>	<u>\$ 420,059</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Charges for services	\$ 236,863	\$ 126,948
Investment interest	307	-
Miscellaneous	<u>6,099</u>	<u>7,293</u>
<b>Total Revenues</b>	243,269	134,241
<b>Other Financing Uses</b>		
Transfers out	<u>(602,077)</u>	<u>(310,000)</u>
<b>Net Change in Fund Balances</b>	(358,808)	(175,759)
<b>Fund Balances Beginning of Year</b>	<u>\$ 420,059</u>	<u>595,818</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 61,251</u></u>	<u><u>\$ 420,059</u></u>

**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, 2016**

	<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	\$ 363,811	\$ (520,689)
Investment interest	-	-	307	307
Miscellaneous	-	-	13,392	13,392
<b>Total Revenues</b>	884,500	884,500	377,510	(506,990)
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(100,000)</u>	<u>(969,591)</u>	<u>(912,077)</u>	<u>57,514</u>
<b>Net Change in Fund Balances</b>	<u>\$ 784,500</u>	<u>\$ (85,091)</u>	(534,567)	<u>(449,476)</u>
<b>Fund Balances Beginning of Year</b>			<u>595,818</u>	
<b>Fund Balances End of Year</b>			<u>\$ 61,251</u>	

**City of Lynnwood, Washington**  
**Street Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 118,190	\$ 128,316
Investments	84,977	27,413
Receivables:		
Accounts	28,768	49,707
Taxes	117,915	123,819
Intergovernmental	138	
<b>Total Assets</b>	<u>\$ 349,988</u>	<u>\$ 329,255</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 29,913	\$ 38,887
Wages payable	38,008	36,990
Other liabilities	958	958
<b>Total Liabilities</b>	68,879	76,835
<b>Fund Balances</b>		
Restricted	281,109	252,419
<b>Total Liabilities and Fund Balances</b>	<u>\$ 349,988</u>	<u>\$ 329,254</u>

**City of Lynnwood, Washington**  
**Street Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Taxes	\$ 932,024	\$ 987,975
Licenses and permits	135,705	130,501
Intergovernmental	826,360	778,213
Charges for Services	39,325	24,445
Investment earnings	419	-
<b>Total Revenues</b>	<b>1,933,833</b>	<b>1,921,134</b>
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	2,086,872	2,101,069
Capital Outlay	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(153,039)</b>	<b>(179,935)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	206,739	325,000
Transfers out	(25,010)	
Insurance and claims	-	(1,698)
Proceeds from the disposition of capital assets	-	-
<b>Other Financing Sources (Uses)</b>	<b>181,729</b>	<b>323,302</b>
<b>Net Change in Fund Balances</b>	<b>28,690</b>	<b>143,367</b>
<b>Fund Balances Beginning of Year</b>	<b>252,419</b>	<b>109,052</b>
<b>Fund Balances End of Year</b>	<b>\$ 281,109</b>	<b>\$ 252,419</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, 2016*

	<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	\$ 1,919,999	\$ 919,999
Licenses and permits	244,000	244,000	266,206	22,206
Intergovernmental	1,459,560	1,459,560	1,604,573	145,013
Charges for Services	-	-	63,770	63,770
Investment interest	-	-	419	419
<b>Total Revenues</b>	<u>2,703,560</u>	<u>2,703,560</u>	<u>3,854,967</u>	<u>1,151,407</u>
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	<u>4,209,280</u>	<u>4,234,290</u>	<u>4,187,941</u>	<u>46,349</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,505,720)</u>	<u>(1,530,730)</u>	<u>(332,974)</u>	<u>1,197,756</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	545,720	545,720	531,739	(13,981)
Transfers out	-	-	(25,010)	(25,010)
Insurance and claims	-	-	(1,698)	(1,698)
Proceeds from the disposition of capital assets	<u>545,720</u>	<u>545,720</u>	<u>-</u>	<u>(545,720)</u>
<b>Other Financing Sources (Uses)</b>	<u>1,091,440</u>	<u>1,091,440</u>	<u>505,031</u>	<u>(586,409)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (414,280)</u>	<u>\$ (439,290)</u>	<u>172,057</u>	<u>\$ 611,347</u>
<b>Fund Balances Beginning of Year</b>			<u>109,052</u>	
<b>Fund Balances End of Year</b>			<u>\$ 281,109</u>	

**City of Lynnwood, Washington**  
***Cumulative Park Reserve and Development Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 45,483	\$ 73,172
Investments	<u>32,702</u>	<u>15,634</u>
<b>Total Assets</b>	<u>\$ 78,185</u>	<u>\$ 88,806</u>
 <b>Fund Balances</b>		
Restricted	<u>\$ 78,185</u>	<u>\$ 88,806</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, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Investment earnings	\$ 501	\$ -
Miscellaneous	487	19,206
<b>Total Revenues</b>	988	19,206
<b>Expenditures</b>		
<b>Current:</b>		
Culture and recreation	11,609	60,799
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(10,621)	(41,593)
<b>Fund Balances Beginning of Year</b>	88,806	130,399
<b>Fund Balances End of Year</b>	<u>\$ 78,185</u>	<u>\$ 88,806</u>

**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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Investment interest	\$ -	\$ -	\$ 501	\$ 501
Miscellaneous	40,000	40,000	19,693	(20,307)
<b>Total Revenues</b>	40,000	40,000	20,194	(19,806)
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	43,000	137,286	72,408	64,878
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (3,000)</u>	<u>\$ (97,286)</u>	\$ (52,214)	<u>\$ 45,072</u>
<b>Fund Balances Beginning of Year</b>			<u>130,399</u>	
<b>Fund Balances End of Year</b>			<u>\$ 78,185</u>	

**City of Lynnwood, Washington**  
***Cumulative Art Reserve Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 10,867	\$ 16,820
Investments	7,813	3,596
<b>Total Assets</b>	<u>\$ 18,680</u>	<u>\$ 20,416</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Fund Balances</b>		
Committed	<u>18,680</u>	<u>20,416</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 18,680</u></u>	<u><u>\$ 20,416</u></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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Investment earnings	\$ 121	\$ -
<b>Expenditures</b>		
<b>Current:</b>		
Culture and Recreation	<u>3,213</u>	<u>2,121</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,092)	(2,121)
<b>Other Financing Sources (Uses)</b>		
Transfers in	<u>1,356</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(1,736)	(2,121)
<b>Fund Balances Beginning of Year</b>	<u>20,416</u>	<u>22,537</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 18,680</u></u>	<u><u>\$ 20,416</u></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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Investment interest	\$ -	\$ -	\$ 121	\$ 121
<b>Expenditures</b>				
<b>Current:</b>				
Culture and Recreation	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 5,334</u>	<u>\$ 2,666</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(5,213)</u>	<u>2,787</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>8,000</u>	<u>8,000</u>	1,356	<u>(6,644)</u>
<b>Fund Balances Beginning of Year</b>			<u>22,537</u>	
<b>Fund Balances End of Year</b>			<u>\$ 18,680</u>	

**City of Lynnwood, Washington**  
***Cumulative Aid Car Fund***  
***Comparative Balance Sheet***  
***For the Year Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,202	\$ 12,954
Investments	<u>6,616</u>	<u>2,769</u>
<b>Total Assets</b>	<u>\$ 15,818</u>	<u>\$ 15,723</u>
 <b>Fund Balances</b>		
Committed	<u>\$ 15,818</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, 2016 and 2015***

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Investment earnings	\$ 95	\$ -
Miscellaneous	-	-
<b>Total Revenues</b>	95	-
<b>Fund Balances Beginning of Year</b>	15,723	15,723
<b>Fund Balances End of Year</b>	\$ 15,818	\$ 15,723

**City of Lynnwood, Washington**  
*Tree Fund Reserve*  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 162,603	\$ 56,940
<b>Fund Balances</b>		
Committed	\$ 162,603	\$ 56,940

**City of Lynnwood, Washington**  
**Tree Fund Reserve**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Year Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Licenses and permits	\$ 119,584	\$ 10,024
<b>Expenditures</b>		
<b>Current:</b>		
Transportation	<u>13,921</u>	<u>13,706</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	105,663	(3,682)
<b>Other Financing Uses</b>		
Transfers out	<u>-</u>	<u>(30,000)</u>
<b>Net Change in Fund Balances</b>	105,663	(33,682)
<b>Fund Balances Beginning of Year</b>	<u>56,940</u>	<u>90,622</u>
<b>Fund Balances End of Year</b>	<u>\$ 162,603</u>	<u>\$ 56,940</u>

**City of Lynnwood, Washington**  
**Tree Fund Reserve**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2016*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Licenses and Permits	\$ 30,000	\$ 30,000	\$ 129,608	\$ 99,608
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	-	-	27,627	(27,627)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	30,000	30,000	101,981	71,981
<b>Other Financing (Uses)</b>				
Transfers out	-	(30,000)	(30,000)	-
<b>Net Change in Fund Balances</b>	<u>\$ 30,000</u>	<u>\$ -</u>	71,981	<u>\$ 71,981</u>
<b>Fund Balances Beginning of Year</b>			<u>90,622</u>	
<b>Fund Balances End of Year</b>			<u>\$ 162,603</u>	

**City of Lynnwood, Washington**  
***Paths and Trails Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,070,649	\$ 1,085,475
<b>Liabilities</b>		
Accounts payable	\$ 56,889	\$ 11,913
Unearned revenue	1,004,908	1,064,710
<b>Total Liabilities</b>	1,061,797	1,076,623
<b>Fund Balances</b>		
Restricted	8,852	8,852
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,070,649</u>	<u>\$ 1,085,475</u>

**City of Lynnwood, Washington**  
**Paths and Trails Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Intergovernmental	\$ 693,610	\$ 111,290
<b>Expenditures</b>		
Capital Outlay	<u>693,610</u>	<u>111,290</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-
<b>Fund Balances Beginning of Year</b>	<u>8,852</u>	<u>8,852</u>
<b>Fund Balances End of Year</b>	<u>\$ 8,852</u>	<u>\$ 8,852</u>

**City of Lynnwood, Washington**  
**Solid Waste Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 33,476	\$ 46,537
Receivables		
Accounts	-	-
Intergovernmental	3,654	9,875
<b>Total Assets</b>	<u>\$ 37,130</u>	<u>\$ 56,412</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 13,167
<b>Fund Balances</b>		
Restricted	37,130	43,245
<b>Total Liabilities and Fund Balances</b>	<u>\$ 37,130</u>	<u>\$ 56,412</u>

**City of Lynnwood, Washington**  
**Solid Waste Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Intergovernmental	\$ 18,551	\$ 23,240
<b>Expenditures</b>		
<b>Current</b>		
Utilities	<u>24,666</u>	<u>46,581</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(6,115)	(23,341)
<b>Fund Balances Beginning of Year</b>	<u>43,245</u>	<u>66,586</u>
<b>Fund Balances End of Year</b>	<u>\$ 37,130</u>	<u>\$ 43,245</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, 2016*

	<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	\$ 41,791	\$ 2,591
<b>Expenditures</b>				
<b>Current:</b>				
Utilities	90,000	90,000	71,247	18,753
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(50,800)	(50,800)	(29,456)	21,344
<b>Net Change in Fund Balances</b>	<u>\$ (50,800)</u>	<u>\$ (50,800)</u>	(29,456)	<u>\$ 21,344</u>
<b>Fund Balances Beginning of Year</b>			<u>66,586</u>	
<b>Fund Balances End of Year</b>			<u>\$ 37,130</u>	

**City of Lynnwood, Washington**  
***Transportation Benefit District Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,082	\$ 23,590
Accounts receivables	43,817	44,194
<b>Total Assets</b>	<u>\$ 44,899</u>	<u>\$ 67,784</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 11,798	\$ 336
<b>Fund Balances</b>		
Restricted	33,101	67,448
<b>Total Liabilities and Fund Balances</b>	<u>\$ 44,899</u>	<u>\$ 67,784</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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Taxes	\$ 571,070	\$ 548,511
Investment interest	1,616	628
<b>Total Revenues</b>	<b>572,686</b>	<b>549,139</b>
<b>Expenditures</b>		
<b>Current</b>		
Utilities	40,984	39,846
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>531,702</b>	<b>509,293</b>
<b>Other Financing Uses</b>		
Transfers out	(566,049)	(550,000)
<b>Net Change in Fund Balances</b>	<b>(34,347)</b>	<b>(40,707)</b>
<b>Fund Balances Beginning of Year</b>	<b>67,448</b>	<b>108,155</b>
<b>Fund Balances End of Year</b>	<b>\$ 33,101</b>	<b>\$ 67,448</b>

**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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 540,000	\$ 540,000	\$ 571,070	\$ 31,070
Investment earnings	100	100	1,616	1,516
<b>Total Revenues</b>	540,100	540,100	572,686	32,586
<b>Expenditures</b>				
<b>Current:</b>				
Utilities	<u>35,500</u>	<u>35,500</u>	<u>40,984</u>	<u>(5,484)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	504,600	504,600	531,702	27,102
<b>Other Financing (Uses)</b>				
Transfers out	<u>(572,049)</u>	<u>(572,049)</u>	<u>(566,049)</u>	<u>6,000</u>
<b>Net Changes in Fund Balances</b>	<u>\$ (67,449)</u>	<u>\$ (67,449)</u>	(34,347)	<u>\$ 33,102</u>
<b>Fund Balances Beginning of Year</b>			<u>67,448</u>	
<b>Fund Balances End of Year</b>			<u>\$ 33,101</u>	

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2016**

	<b>2001 LTGO Refunding Bonds</b>	<b>2009 LTGO Refunding Bonds</b>	<b>800 MHZ</b>	<b>Recreation Center 2012 LTGO Bonds</b>	<b>Local Improvement Guaranty</b>	<b>65th Avenue Sewers LID 97-01</b>	<b>LID 93-1 I-5 &amp; 196th Project</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ 28,050	\$ 10,605	\$ 109,501	\$ 295,488	\$ -	\$ 85,725	\$ 529,369
Investments	-	-	-	-	212,453	-	-	212,453
Accounts receivable	-	-	-	-	-	-	1,382,067	1,382,067
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 28,050</b>	<b>\$ 10,605</b>	<b>\$ 109,501</b>	<b>\$ 507,941</b>	<b>\$ -</b>	<b>\$ 1,467,792</b>	<b>\$ 2,123,889</b>
<b>Deferred Inflows and Fund Balances</b>								-
<b>Deferred Inflows - Special Assessments</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 859,653	\$ 859,653
<b>Fund Balances</b>								
Restricted	-	28,050	10,605	109,501	30,750	-	608,139	787,045
Committed	-	-	-	-	477,191	-	-	477,191
<b>Total Deferred Inflows and Fund Balances</b>	<b>\$ -</b>	<b>\$ 28,050</b>	<b>\$ 10,605</b>	<b>\$ 109,501</b>	<b>\$ 507,941</b>	<b>\$ -</b>	<b>\$ 1,467,792</b>	<b>\$ 2,123,889</b>

**City of Lynnwood, Washington**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2016**

	<b>2001 LTGO Refunding Bonds</b>	<b>2009 LTGO Refunding Bonds</b>	<b>800 MHZ</b>	<b>Recreation Center 2012 LTGO Bonds</b>	<b>Local Improvement Guaranty</b>	<b>65th Avenue Sewers LID 97-01</b>	<b>LID 93-1 I-5 &amp; 196th Project</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,763	7,763
Investment interest	-	-	-	-	3,060	-	81,877	84,937
Special assessments	-	-	-	-	-	-	454,227	454,227
Intergovernmental	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,060</b>	<b>-</b>	<b>543,867</b>	<b>546,927</b>
<b>Debt Service:</b>								
Principal retirement	-	315,000	104,146	445,000	-	-	490,000	1,354,146
Interest and fiscal charges	-	25,800	23,511	872,362	-	-	70,843	992,516
<b>Total Expenditures</b>	<b>-</b>	<b>340,800</b>	<b>127,657</b>	<b>1,317,362</b>	<b>-</b>	<b>-</b>	<b>560,843</b>	<b>2,346,662</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(340,800)</b>	<b>(127,657)</b>	<b>(1,317,362)</b>	<b>3,060</b>	<b>-</b>	<b>(16,976)</b>	<b>(1,799,735)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	340,450	127,624	1,317,083	-	-	-	1,785,157
Transfers out	(15,292)	-	-	-	-	(53,665)	-	(68,957)
<b>Total Other Financing Sources (Uses)</b>	<b>(15,292)</b>	<b>340,450</b>	<b>127,624</b>	<b>1,317,083</b>	<b>-</b>	<b>(53,665)</b>	<b>-</b>	<b>1,716,200</b>
<b>Net Change in Fund Balances</b>	<b>(15,292)</b>	<b>(350)</b>	<b>(33)</b>	<b>(279)</b>	<b>3,060</b>	<b>(53,665)</b>	<b>(16,976)</b>	<b>(83,535)</b>
<b>Fund Balances Beginning of Year</b>	<b>15,292</b>	<b>28,400</b>	<b>10,638</b>	<b>109,780</b>	<b>504,881</b>	<b>53,665</b>	<b>625,115</b>	<b>1,347,771</b>
<b>Fund Balances End of Year</b>	<b>\$ -</b>	<b>\$ 28,050</b>	<b>\$ 10,605</b>	<b>\$ 109,501</b>	<b>\$ 507,941</b>	<b>\$ -</b>	<b>\$ 608,139</b>	<b>\$ 1,264,236</b>

**City of Lynnwood, Washington**  
**2001 LTGO Refunding Bonds Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 15,292
<b>Fund Balances</b>		
Restricted for debt service	\$ -	\$ 15,292

**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, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
Transfer out	\$ (15,292)	\$ -
<b>Fund Balances Beginning of Year</b>	<u>15,292</u>	<u>15,292</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ 15,292</u>

**City of Lynnwood, Washington**  
**2009 LTGO Refunding Bonds**  
**Comparative Balance Sheet**  
*For the Years Ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 28,050	\$ 28,400
<b>Fund Balances</b>		
Restricted for debt service	\$ 28,050	\$ 28,400

**City of Lynnwood, Washington**  
**2009 LTGO Refunding Bonds**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 315,000	\$ 310,000
Interest and fiscal charges	25,800	36,650
<b>Total Expenditures</b>	340,800	346,650
<b>Other Financing Sources</b>		
Transfers in	340,450	346,162
<b>Net Change in Fund Balances</b>	(350)	(488)
<b>Fund Balances Beginning of Year</b>	28,400	28,888
<b>Fund Balances End of Year</b>	\$ 28,050	\$ 28,400

**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, 2016*

	<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	625,000	-
Interest	62,450	62,450	62,450	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(687,450)	(687,450)	(687,450)	-
<b>Other Financing Sources</b>				
Transfers in	687,450	687,450	686,612	(838)
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(838)	<u>\$ (838)</u>
<b>Fund Balances Beginning of Year</b>			28,888	
<b>Fund Balances End of Year</b>			<u>\$ 28,050</u>	

**City of Lynnwood, Washington**  
**800 MHZ Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 10,605	\$ 10,638
<b>Fund Balances</b>		
Restricted for debt service	\$ 10,605	\$ 10,638

**City of Lynnwood, Washington**  
**800 MHZ Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 104,146	\$ 101,410
Interest and fiscal charges	23,511	28,353
<b>Total Expenditures</b>	<u>127,657</u>	<u>129,763</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	127,624	140,965
Transfers out	-	(12,312)
<b>Total Other Financing Sources (Uses)</b>	<u>127,624</u>	<u>128,653</u>
<b>Net Change in Fund Balances</b>	(33)	(1,110)
<b>Fund Balances Beginning of Year</b>	<u>10,638</u>	<u>11,748</u>
<b>Fund Balances End of Year</b>	<u>\$ 10,605</u>	<u>\$ 10,638</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, 2016*

	<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	205,556	25,321
Interest	50,909	50,909	51,864	(955)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(281,786)	(281,786)	(257,420)	24,366
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(12,312)	(12,312)
Transfers in	281,786	281,786	268,589	(13,197)
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(1,143)	<u>\$ (1,143)</u>
<b>Fund Balances Beginning of Year</b>			<u>11,748</u>	
<b>Fund Balances End of Year</b>			<u>\$ 10,605</u>	

**City of Lynnwood, Washington**  
***Recreation Center 2012 LTGO Bonds***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$ 109,501</u>	<u>\$ 109,176</u>
<b>Fund Balances</b>		
Restricted for debt service	<u>\$ 109,501</u>	<u>\$ 109,176</u>

**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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 445,000	\$ 425,000
Interest and fiscal charges	872,362	885,113
<b>Total Expenditures</b>	1,317,362	1,310,113
<b>Other Financing Sources</b>		
Transfers in	1,317,083	1,310,717
<b>Net Change in Fund Balances</b>	(279)	604
<b>Fund Balances Beginning of Year</b>	109,780	109,176
<b>Fund Balances End of Year</b>	<u>\$ 109,501</u>	<u>\$ 109,780</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, 2016**

	<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	870,000	-
Interest	1,757,478	1,757,478	1,757,475	3
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,627,478)	(2,627,478)	(2,627,475)	3
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,627,478	2,627,478	2,627,800	322
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	325	<u>\$ 325</u>
<b>Fund Balances Beginning of Year</b>			<u>109,176</u>	
<b>Fund Balances End of Year</b>			<u>\$ 109,501</u>	

**City of Lynnwood, Washington**  
**Local Improvement Guaranty Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 295,488	\$ 416,009
Investments	212,453	88,872
Receivables:		
Accounts	-	-
Property taxes	-	-
<b>Total Assets</b>	<u>\$ 507,941</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	30,750	504,881
Committed	<u>477,191</u>	<u>-</u>
<b>Total Deferred Inflows and Fund Balances</b>	<u>\$ 507,941</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, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Investment interest	\$ 3,060	\$ -
<b>Fund Balances Beginning of Year</b>	<u>504,881</u>	<u>504,881</u>
<b>Fund Balances End of Year</b>	<u>\$ 507,941</u>	<u>\$ 504,881</u>

**City of Lynnwood, Washington**  
**65th Ave Sewers LID 97-01**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 53,665
<b>Fund Balances</b>		
Restricted for debt service	\$ -	\$ 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, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
Transfer out	(53,665)	-
<b>Fund Balances Beginning of Year</b>	<u>53,665</u>	<u>53,665</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ 53,665</u>

**City of Lynnwood, Washington**  
**LID93-1 I-5 and 196th Project**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 85,725	\$ 70,899
Restricted cash and investments	-	-
Receivables:		
Accounts	1,382,067	1,868,096
Property taxes	-	-
<b>Total Assets</b>	<u>\$ 1,467,792</u>	<u>\$ 1,938,995</u>
<b>Deferred Inflows and Fund Balances</b>		
<b>Deferred Inflows - Special Assessments</b>	\$ 859,653	\$ 1,313,880
<b>Fund Balances</b>		
Restricted for debt service	<u>608,139</u>	<u>625,115</u>
<b>Total Deferred Inflows and Fund Balances</b>	<u>\$ 1,467,792</u>	<u>\$ 1,938,995</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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Charges for services	\$ 7,763	\$ 6,383
Other interest	81,877	108,449
Special assessments	454,227	501,181
<b>Total Revenues</b>	<b>543,867</b>	<b>616,013</b>
<b>Expenditures</b>		
<b>Debt Service:</b>		
Principal retirement	\$ 490,000	\$ 565,000
Interest and fiscal charges	70,843	106,420
<b>Total Expenditures</b>	<b>560,843</b>	<b>671,420</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(16,976)</b>	<b>(55,407)</b>
<b>Fund Balances Beginning of Year</b>	<b>625,115</b>	<b>680,522</b>
<b>Fund Balances End of Year</b>	<b>\$ 608,139</b>	<b>\$ 625,115</b>

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2016**

	<b>Street Capital</b>	<b>Traffic Signals</b>	<b>194th Extension Project</b>	<b>Roadway Surfacing</b>	<b>196th Improvements</b>	<b>36th/35th Avenue West</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 67,077	\$ 95,180	\$ 83,981	\$ 1,028,315	\$ 449,240	\$ 1,603,310
Investments	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	48,865	-	-
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	164,368	27,572
<b>Total Assets</b>	<b>\$ 67,077</b>	<b>\$ 95,180</b>	<b>\$ 83,981</b>	<b>\$ 1,077,180</b>	<b>\$ 613,608</b>	<b>\$ 1,630,882</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,382	\$ -	\$ -	\$ 10,556	\$ 55,838	\$ 25,654
Interfund payable	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,382</b>	<b>-</b>	<b>-</b>	<b>10,556</b>	<b>55,838</b>	<b>25,654</b>
<b>Fund Balances</b>						
Committed	-	-	-	-	-	-
Restricted	65,695	95,180	83,981	1,066,624	557,770	1,605,228
<b>Total Liabilities and Fund Balances</b>	<b>\$ 67,077</b>	<b>\$ 95,180</b>	<b>\$ 83,981</b>	<b>\$ 1,077,180</b>	<b>\$ 613,608</b>	<b>\$ 1,630,882</b>

(continued)

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2016**

(continued)

	<b>204th/SR99- 68 Avenue West</b>	<b>Park Acquisition and Development</b>	<b>Popular Way Bridge Extension</b>	<b>Real Estate Excise Tax 2</b>	<b>Real Estate Excise Tax 1</b>	<b>Hardware Software Upgrade</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 276,786	\$ 511,785	\$ 480,564	\$ 690,873	\$ 596,793	\$ 144,669
Investments	-	-	-	496,730	429,087	-
Receivables:						
Accounts	-	5,000	-	-	-	-
Taxes	-	-	-	204,515	204,515	-
Intergovernmental	10,000	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 286,786</b>	<b>\$ 516,785</b>	<b>\$ 480,564</b>	<b>\$ 1,392,118</b>	<b>\$ 1,230,395</b>	<b>\$ 144,669</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 285,273	\$ 3,773	\$ -	\$ -	\$ 1,500
Interfund payable	-	-	-	-	-	-
Other current liabilities	-	3,401	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>288,674</b>	<b>3,773</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
<b>Fund Balances</b>						
Committed	-	-	-	-	-	143,169
Restricted	286,786	228,111	476,791	1,392,118	1,230,395	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 286,786</b>	<b>\$ 516,785</b>	<b>\$ 480,564</b>	<b>\$ 1,392,118</b>	<b>\$ 1,230,395</b>	<b>\$ 144,669</b>

(continued)

**City of Lynnwood, Washington**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2016**

(continued)

	<b>Capital Development Plan</b>	<b>Justice Center Improvement</b>	<b>Interurban Trail</b>	<b>Citywide Safety Project</b>	<b>33RD Avenue Extension</b>	<b>Nonmajor Capital Projects Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 379,321	\$ 129,025	\$ 812,720	\$ 65	\$ 428,670	7,778,374
Investments	272,727	-	-	-	-	1,198,544
Receivables:						
Accounts	1,440,000	-	-	-	1,749	1,495,614
Taxes	-	-	-	-	-	409,030
Intergovernmental	-	-	-	961,650	-	1,163,590
<b>Total Assets</b>	<b>\$ 2,092,048</b>	<b>\$ 129,025</b>	<b>\$ 812,720</b>	<b>\$ 961,715</b>	<b>\$ 430,419</b>	<b>\$ 12,045,152</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 102,349	\$ 85,283	\$ 41,369	\$ -	612,977
Interfund payable				808,000		808,000
Other current liabilities	-	4,798	-	-	159,188	167,387
<b>Total Liabilities</b>	<b>-</b>	<b>107,147</b>	<b>85,283</b>	<b>849,369</b>	<b>159,188</b>	<b>1,588,364</b>
<b>Fund Balances</b>						
Committed	-	-	-	-	-	143,169
Restricted	2,092,048	21,878	727,437	112,346	271,231	10,313,619
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,092,048</b>	<b>\$ 129,025</b>	<b>\$ 812,720</b>	<b>\$ 961,715</b>	<b>\$ 430,419</b>	<b>\$ 12,045,152</b>

**City of Lynnwood, Washington**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2016*

	<b>Street Capital</b>	<b>Traffic Signals</b>	<b>194th Extension Project</b>	<b>Roadway Surfacing</b>	<b>196th Improvements</b>	<b>36th/35th Avenue West</b>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 800,000	\$ 645,980	\$ 121,597
Charges for services	-	-	-	7,215	-	-
Taxes	-	-	-	-	-	-
Investment interest	-	-	-	-	-	-
Judgements and settlements	-	-	-	-	-	-
Contributions and other	-	-	-	-	-	267
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>807,215</b>	<b>645,980</b>	<b>121,864</b>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	-
Transportation	-	-	-	2,016,676	-	-
Culture and recreation	-	-	-	-	-	-
<b>Capital Outlay</b>	<b>94,305</b>	<b>-</b>	<b>58,167</b>	<b>118,314</b>	<b>806,118</b>	<b>408,780</b>
<b>Total Expenditures</b>	<b>94,305</b>	<b>-</b>	<b>58,167</b>	<b>2,134,990</b>	<b>806,118</b>	<b>408,780</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(94,305)</b>	<b>-</b>	<b>(58,167)</b>	<b>(1,327,775)</b>	<b>(160,138)</b>	<b>(286,916)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	1,564,927	1,474	1,799,242
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,564,927</b>	<b>1,474</b>	<b>1,799,242</b>
<b>Net Change in Fund Balance</b>	<b>(94,305)</b>	<b>-</b>	<b>(58,167)</b>	<b>237,152</b>	<b>(158,664)</b>	<b>1,512,326</b>
<b>Fund Balances Beginning of Fiscal Year</b>	<b>160,000</b>	<b>95,180</b>	<b>142,148</b>	<b>829,472</b>	<b>716,434</b>	<b>92,902</b>
<b>Fund Balances End of Fiscal Year</b>	<b>\$ 65,695</b>	<b>\$ 95,180</b>	<b>\$ 83,981</b>	<b>\$ 1,066,624</b>	<b>\$ 557,770</b>	<b>\$ 1,605,228</b>

(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, 2016*

(continued)

	<b>204th/SR99-68 Avenue West</b>	<b>Park Acquisition and Development</b>	<b>Poplar Way Bridge Extension</b>	<b>Real Estate Excise Taxes 2</b>	<b>Real Estate Excise Taxes 1</b>	<b>Hardware Software Upgrade</b>
<b>Revenues</b>						
Intergovernmental	\$ (76,075)	\$ -	\$ 287,268	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Taxes	-	-	-	1,086,113	1,086,879	-
Investment interest	-	-	-	8,295	6,179	-
Judgements and settlements	-	-	-	-	-	-
Contributions	-	5,000	-	-	-	-
<b>Total Revenues</b>	<b>(76,075)</b>	<b>5,000</b>	<b>287,268</b>	<b>1,094,408</b>	<b>1,093,058</b>	<b>-</b>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	87,007
Transportation	-	-	-	-	-	-
Culture and recreation	-	177,725	-	-	-	-
<b>Capital Outlay</b>	<b>142,732</b>	<b>301,506</b>	<b>347,357</b>	<b>-</b>	<b>-</b>	<b>115,185</b>
<b>Total Expenditures</b>	<b>142,732</b>	<b>479,231</b>	<b>347,357</b>	<b>-</b>	<b>-</b>	<b>202,192</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(218,807)</b>	<b>(474,231)</b>	<b>(60,089)</b>	<b>1,094,408</b>	<b>1,093,058</b>	<b>(202,192)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	540,155	259,591	-	-	98,754
Transfers out	-	-	-	(902,536)	(898,452)	-
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>540,155</b>	<b>259,591</b>	<b>(902,536)</b>	<b>(898,452)</b>	<b>98,754</b>
<b>Net Change in Fund Balance</b>	<b>(218,807)</b>	<b>65,924</b>	<b>199,502</b>	<b>191,872</b>	<b>194,606</b>	<b>(103,438)</b>
<b>Fund Balances Beginning of Fiscal Year</b>	<b>505,593</b>	<b>162,187</b>	<b>277,289</b>	<b>1,200,246</b>	<b>1,035,789</b>	<b>246,607</b>
<b>Fund Balances End of Fiscal Year</b>	<b>\$ 286,786</b>	<b>\$ 228,111</b>	<b>\$ 476,791</b>	<b>\$ 1,392,118</b>	<b>\$ 1,230,395</b>	<b>\$ 143,169</b>

(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, 2016*

(continued)

	<b>Capital Development Plan</b>	<b>Justice Center Improvement</b>	<b>Interurban Trail</b>	<b>City-wide Safety Project</b>	<b>33RD Avenue Extension</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ 50,348	\$ 1,165,224	\$ -	\$ 2,994,342
Charges for services					-	7,215
Taxes		-	-	-	-	2,172,992
Investment interest	3,700	-	-	-	-	18,174
Judgements and settlements	1,440,000	-	-	-	-	1,440,000
Contributions	-	-	-	-	-	5,267
<b>Total Revenues</b>	<b>1,443,700</b>	<b>-</b>	<b>50,348</b>	<b>1,165,224</b>	<b>-</b>	<b>6,637,990</b>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	87,007
Transportation	-	-	-	-	-	2,016,676
Culture and recreation	-	-	-	-	-	177,725
<b>Capital Outlay</b>	<b>-</b>	<b>135,602</b>	<b>286,898</b>	<b>1,648,997</b>	<b>19,716</b>	<b>4,483,677</b>
<b>Total Expenditures</b>	<b>-</b>	<b>135,602</b>	<b>286,898</b>	<b>1,648,997</b>	<b>19,716</b>	<b>6,765,085</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,443,700</b>	<b>(135,602)</b>	<b>(236,550)</b>	<b>(483,773)</b>	<b>(19,716)</b>	<b>(127,095)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	162,500	47,650	309,701	334,002	-	5,117,996
Transfers out	(155,736)	-	(1,357)	-	-	(1,958,081)
<b>Other Financing Sources (Uses)</b>	<b>6,764</b>	<b>47,650</b>	<b>308,344</b>	<b>334,002</b>	<b>-</b>	<b>3,159,915</b>
<b>Net Change in Fund Balance</b>	<b>1,450,464</b>	<b>(87,952)</b>	<b>71,794</b>	<b>(149,771)</b>	<b>(19,716)</b>	<b>3,032,820</b>
<b>Fund Balances Beginning of Fiscal Year</b>	<b>641,584</b>	<b>109,830</b>	<b>655,643</b>	<b>262,117</b>	<b>290,947</b>	<b>7,423,968</b>
<b>Fund Balances End of Fiscal Year</b>	<b>\$ 2,092,048</b>	<b>\$ 21,878</b>	<b>\$ 727,437</b>	<b>\$ 112,346</b>	<b>\$ 271,231</b>	<b>\$ 10,456,788</b>

**City of Lynnwood, Washington**  
**Street Capital Projects Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 67,077	\$ 160,000
<b>Total Assets</b>	<u>\$ 67,077</u>	<u>\$ 160,000</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,382	\$ -
<b>Fund Balances</b>		
Restricted for capital outlay	<u>\$ 65,695</u>	<u>\$ 160,000</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 67,077</u>	<u>\$ 160,000</u>

**City of Lynnwood, Washington**  
**Street Capital Projects Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Expenditures</b>		
Transportation	-	-
<b>Capital Outlay</b>	<u>94,305</u>	<u>-</u>
<b>Total Expenditures</b>	<u>94,305</u>	<u>-</u>
<b>Other Financing Sources</b>		
Transfers in	\$ -	\$ 160,000
<b>Fund Balances Beginning of Year</b>	<u>160,000</u>	<u>-</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 65,695</u></u>	<u><u>\$ 160,000</u></u>

**City of Lynnwood, Washington**  
**Traffic Signals Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 95,180	\$ 95,180
Accounts receivable	-	-
<b>Total Assets</b>	<u>\$ 95,180</u>	<u>\$ 95,180</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Fund Balances</b>		
Restricted for capital outlay	<u>95,180</u>	<u>95,180</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 95,180</u>	<u>\$ 95,180</u>

**City of Lynnwood, Washington**  
**Traffic Signals Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Intergovernmental	\$ -	\$ 7,091
<b>Expenditures</b>		
<b>Debt Service</b>		
Interest	-	-
<b>Capital Outlay</b>	-	10,776
<b>Total Expenditures</b>	-	10,776
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(3,685)
<b>Other Financing Sources</b>		
Transfers in	-	-
<b>Net Change in Fund Balances</b>	-	(3,685)
<b>Fund Balances Beginning of Year</b>	95,180	98,865
<b>Fund Balances End of Year</b>	<u>\$ 95,180</u>	<u>\$ 95,180</u>

**City of Lynnwood, Washington**  
**194th Extension Project Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 83,981	\$ 142,148
<b>Fund Balances</b>		
Restricted for capital outlay	\$ 83,981	\$ 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, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Expenditures</b>		
Transportation	\$ -	\$ 7,852
<b>Capital Outlay</b>	58,167	
<b>Other Financing Sources</b>		
Transfers in	-	150,000
<b>Net Change in Fund Balances</b>	(58,167)	142,148
<b>Fund Balances Beginning of Year</b>	142,148	-
<b>Fund Balances End of Year</b>	<u>\$ 83,981</u>	<u>\$ 142,148</u>

**City of Lynnwood, Washington**  
**Roadway Surfacing Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,028,315	\$ 807,121
Accounts receivable	48,865	41,650
<b>Total Assets</b>	<u>\$ 1,077,180</u>	<u>\$ 848,771</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,556	\$ 19,299
<b>Fund Balances</b>		
Restricted for capital outlay	1,066,624	829,472
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,077,180</u>	<u>\$ 848,771</u>

**City of Lynnwood, Washington**  
**Roadway Surfacing Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental	\$ 800,000	\$ 396
Charges for services	7,215	-
<b>Total Revenues</b>	<u>807,215</u>	<u>396</u>
<b>Expenditures</b>		
<b>Current</b>		
Transportation	2,016,676	72,733
<b>Capital Outlay</b>	<u>118,314</u>	<u>-</u>
<b>Total Expenditures</b>	<u>2,134,990</u>	<u>72,733</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,327,775)	(72,337)
<b>Other Financing Sources</b>		
Transfers in	<u>1,564,927</u>	<u>400,000</u>
<b>Net Change in Fund Balances</b>	237,152	327,663
<b>Fund Balances Beginning of Year</b>	<u>829,472</u>	<u>501,809</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 1,066,624</u></u>	<u><u>\$ 829,472</u></u>

**City of Lynnwood, Washington**  
**196th Improvements Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 449,240	\$ 707,335
Accounts receivable	-	-
Intergovernmental receivable	<u>164,368</u>	<u>16,562</u>
<b>Total Assets</b>	<u>\$ 613,608</u>	<u>\$ 723,897</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 55,838	\$ 7,463
<b>Fund Balances</b>		
Restricted for capital outlay	<u>557,770</u>	<u>716,434</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 613,608</u>	<u>\$ 723,897</u>

**City of Lynnwood, Washington**  
**196th Improvements Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental	\$ 645,980	\$ 81,911
<b>Expenditures</b>		
Transportation	-	16,040
<b>Capital Outlay</b>	<u>806,118</u>	<u>75,673</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(160,138)	6,238
<b>Other Financing Sources (Uses)</b>		
Transfers in (out)	<u>1,474</u>	<u>538,525</u>
<b>Net Change in Fund Balances</b>	(158,664)	544,763
<b>Fund Balances Beginning of Year</b>	<u>716,434</u>	<u>171,671</u>
<b>Fund Balances End of Year</b>	<u>\$ 557,770</u>	<u>\$ 716,434</u>

**City of Lynnwood, Washington**  
**36th/35th Avenue West**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,603,310	\$ 72,372
Receivables:		
Accounts	-	-
Intergovernmental	<u>27,572</u>	<u>58,220</u>
<b>Total Assets</b>	<u><u>\$ 1,630,882</u></u>	<u><u>\$ 130,592</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 25,654	\$ 37,690
<b>Fund Balances</b>		
Restricted for capital outlay	<u>1,605,228</u>	<u>92,902</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,630,882</u></u>	<u><u>\$ 130,592</u></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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental	\$ 121,597	\$ 250,512
Other	267	-
<b>Total Revenues</b>	<u>121,864</u>	<u>250,512</u>
<b>Expenditures</b>		
<b>Current</b>		
General government	-	2,732
Transportation	-	37,689
<b>Capital Outlay</b>	<u>408,780</u>	<u>249,188</u>
<b>Total Expenditures</b>	<u>408,780</u>	<u>289,609</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(286,916)	(39,097)
<b>Other Financing Sources (Uses)</b>		
Transfers in (out)	<u>1,799,242</u>	-
<b>Net Change in Fund Balances</b>	1,512,326	(39,097)
<b>Fund Balances Beginning of Year</b>	<u>92,902</u>	<u>131,999</u>
<b>Fund Balances End of Year</b>	<u>\$ 1,605,228</u>	<u>\$ 92,902</u>

**City of Lynnwood, Washington**  
**204th/SR99-68 Avenue West**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 276,786	\$ 406,848
Receivable:		
Accounts	-	24,250
Intergovernmental	10,000	86,075
<b>Total Assets</b>	<u>\$ 286,786</u>	<u>\$ 517,173</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 11,580
<b>Fund Balances</b>		
Restricted for capital outlay	286,786	505,593
<b>Total Liabilities and Fund Balances</b>	<u>\$ 286,786</u>	<u>\$ 517,173</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Intergovernmental	\$ (76,075)	\$ 2,684,727
<b>Expenditures</b>		
<b>Current</b>		
Transportation	-	626,458
<b>Capital Outlay</b>	<u>142,732</u>	<u>3,572,408</u>
<b>Total Expenditures</b>	<u>142,732</u>	<u>4,198,866</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(218,807)	(1,514,139)
<b>Other Financing Sources</b>		
Transfers in	<u>-</u>	<u>542,305</u>
<b>Net Change in Fund Balances</b>	(218,807)	(971,834)
<b>Fund Balances Beginning of Year</b>	<u>505,593</u>	<u>1,477,427</u>
<b>Fund Balances End of Year</b>	<u>\$ 286,786</u>	<u>\$ 505,593</u>

**City of Lynnwood, Washington**  
**Park Acquisition and Development**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 511,785	\$ 162,187
Accounts receivable	5,000	-
<b>Total Assets</b>	516,785	162,187
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 285,273	\$ -
Other payables	3,401	-
<b>Total Liabilities</b>	288,674	-
<b>Fund Balances</b>		
Restricted for capital outlay	228,111	162,187
<b>Total Liabilities and Fund Balances</b>	<u>\$ 516,785</u>	<u>\$ 162,187</u>

**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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Contributions	\$ 5,000	\$ -
<b>Expenditures</b>		
<b>Current</b>		
Culture and recreation	177,725	1,950
<b>Capital Outlay</b>	301,506	1,054,960
<b>Total Expenditures</b>	479,231	1,056,910
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(474,231)	(1,056,910)
<b>Other Financing Sources</b>		
Transfers in	540,155	1,158,530
<b>Net Change in Fund Balances</b>	65,924	101,620
<b>Fund Balances Beginning of Year</b>	162,187	60,567
<b>Fund Balances End of Year</b>	\$ 228,111	\$ 162,187

**City of Lynnwood, Washington**  
**Poplar Way Bridge Extension**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 480,564	\$ 150,575
Receivables:		
Accounts	-	-
Intergovernmental	-	209,696
<b>Total Assets</b>	<u>\$ 480,564</u>	<u>\$ 360,271</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,773	\$ 82,982
Interfund	-	-
<b>Total Liabilities</b>	3,773	82,982
<b>Fund Balances</b>		
Restricted for capital outlay	476,791	277,289
<b>Total Liabilities and Fund Balances</b>	<u>\$ 480,564</u>	<u>\$ 360,271</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, 2016 and 2015**

	<b>2016</b>	<b>Restated 2015</b>
<b>Revenues</b>		
Intergovernmental	\$ 287,268	\$ 762,385
<b>Expenditures</b>		
Transportation	-	83,982
Capital Outlay	347,357	798,311
<b>Total Expenditures</b>	347,357	882,293
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(60,089)	(119,908)
<b>Other Financing Sources</b>		
Transfers in	259,591	208,740
<b>Net Change in Fund Balances</b>	199,502	88,832
<b>Fund Balances Beginning of Year</b>	277,289	188,457
<b>Fund Balances End of Year</b>	<u>\$ 476,791</u>	<u>\$ 277,289</u>

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 2 Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 690,873	\$ 920,645
Investments	496,730	196,674
Taxes receivable	<u>204,515</u>	<u>82,927</u>
<b>Total Assets</b>	<u>\$ 1,392,118</u>	<u>\$ 1,200,246</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>\$ 1,392,118</u>	<u>\$ 1,200,246</u>

**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, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Taxes	\$ 1,086,113	\$ 929,945
Investment interest	8,295	-
<b>Total Revenues</b>	1,094,408	929,945
<b>Other Financing (Uses)</b>		
Transfers out	(902,536)	(87,500)
<b>Net Change in Fund Balances</b>	191,872	842,445
<b>Fund Balances Beginning of Year</b>	1,200,246	357,801
<b>Fund Balances End of Year</b>	\$ 1,392,118	\$ 1,200,246

**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, 2016*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	900,000	1,800,000	2,016,058	216,058
Investment interest	-	-	8,295	8,295
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	900,000	1,800,000	2,024,353	224,353
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	
Transfers out	(729,750)	(1,729,750)	(990,036)	739,714
<b>Net Changes in Fund Balances</b>	<u>\$ 170,250</u>	<u>\$ 70,250</u>	1,034,317	<u>\$ 964,067</u>
<b>Fund Balances Beginning of Year</b>			<u>357,801</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,392,118</u>	

**City of Lynnwood, Washington**  
**Real Estate Excise Taxes 1 Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 596,793	\$ 785,136
Investments	429,087	167,726
Taxes receivable	<u>204,515</u>	<u>82,927</u>
<b>Total Assets</b>	<u>\$ 1,230,395</u>	<u>\$ 1,035,789</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>\$ 1,230,395</u>	<u>\$ 1,035,789</u>

**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, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Taxes	\$ 1,086,879	\$ 929,945
Investment interest	6,179	-
<b>Total Revenues</b>	1,093,058	929,945
<b>Other Financing (Uses)</b>		
Transfers out	(898,452)	(1,020,643)
<b>Net Change in Fund Balance</b>	194,606	(90,698)
<b>Fund Balances Beginning of Year</b>	1,035,789	1,126,487
<b>Fund Balances End of Year</b>	<u>\$ 1,230,395</u>	<u>\$ 1,035,789</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, 2016*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	900,000	1,800,000	2,016,824	216,824
Investment Earnings	-	-	6,179	6,179
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	900,000	1,800,000	2,023,003	223,003
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(865,782)	(2,865,782)	(1,919,095)	946,687
<b>Net Changes in Fund Balances</b>	<u>\$ 34,218</u>	<u>\$ (1,065,782)</u>	103,908	<u>\$ 1,169,690</u>
<b>Fund Balances Beginning of Year</b>			<u>1,126,487</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,230,395</u>	

**City of Lynnwood, Washington**  
**Hardware/Software Upgrade Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 144,669	\$ 247,807
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,500	\$ 1,200
<b>Fund Balances</b>		
Committed	143,169	246,607
<b>Total Liabilities and Fund Balances</b>	<u>\$ 144,669</u>	<u>\$ 247,807</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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Expenditures</b>		
<b>Current</b>		
General Government	\$ 87,007	\$ -
<b>Capital Outlay</b>	115,185	244,193
<b>Total Expenditures</b>	202,192	244,193
<b>Other Financing Sources</b>		
Transfers in	98,754	470,000
<b>Net Change in Fund Balances</b>	(103,438)	225,807
<b>Fund Balances Beginning of Year</b>	246,607	20,800
<b>Fund Balances End of Year</b>	\$ 143,169	\$ 246,607

**City of Lynnwood, Washington**  
**Capital Development Plan Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 379,321	\$ 641,584
Investments	272,727	-
Receivables:		
Accounts	1,440,000	-
Intergovernmental	-	-
<b>Total Assets</b>	<u>2,092,048</u>	<u>641,584</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	-	-
Interfund	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>2,092,048</u>	<u>641,584</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,092,048</u></u>	<u><u>\$ 641,584</u></u>

**City of Lynnwood, Washington**  
**Capital Development Plan Fund**  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balances*  
*For the Years Ended December 31, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Investment interest	\$ 3,700	\$ -
Judgements and settlements	1,440,000	
<b>Total Revenues</b>	1,443,700	-
<b>Other Financing (Uses)</b>		
Transfers in	162,500	137,500
Transfers (out)	(155,736)	(269,263)
<b>Total Other Financing Sources (Uses)</b>	6,764	(131,763)
<b>Net Change in Fund Balances</b>	1,450,464	(131,763)
<b>Fund Balances Beginning of Year</b>	641,584	773,347
<b>Fund Balances End of Year</b>	\$ 2,092,048	\$ 641,584

**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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Investment interest	-	-	3,700	(3,700)
Judgements and settlements	-	-	1,440,000	(1,440,000)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	1,443,700	(1,443,700)
<b>Other Financing Sources (Uses)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(150,220)	(500,220)	(424,999)	(75,221)
<b>Net Changes in Fund Balances</b>	<u>\$ 149,780</u>	<u>\$ (200,220)</u>	1,318,701	<u>\$ (2,962,621)</u>
<b>Fund Balances Beginning of Year</b>			<u>773,347</u>	
<b>Fund Balances End of Year</b>			<u>\$ 2,092,048</u>	

**City of Lynnwood, Washington**  
**Justice Center Improvement Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 129,025	\$ 109,830
<b>Liabilities</b>		
Accounts payable	102,349	-
Retainage payable	4,798	-
<b>Total Liabilities</b>	107,147	-
<b>Fund Balances</b>		
Restricted for capital outlay	21,878	109,830
<b>Total Liabilities and Fund Balances</b>	\$ 129,025	\$ 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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Expenditures</b>		
<b>Current</b>		
Public Safety	\$ -	\$ -
<b>Capital Outlay</b>	135,602	-
<b>Total Expenditures</b>	135,602	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(135,602)	-
<b>Other Financing Sources (Uses)</b>		
Transfers in	47,650	109,830
<b>Net Change in Fund Balances</b>	(87,952)	109,830
<b>Fund Balances Beginning of Year</b>	109,830	-
<b>Fund Balances End of Year</b>	\$ 21,878	\$ 109,830

**City of Lynnwood, Washington**  
***Interurban Trail Fund***  
***Comparative Balance Sheet***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 812,720	\$ 686,700
Accounts Receivable	-	-
<b>Total Assets</b>	<u>\$ 812,720</u>	<u>\$ 686,700</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 85,283	\$ 31,057
<b>Fund Balances</b>		
Restricted for capital outlay	<u>727,437</u>	<u>655,643</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 812,720</u>	<u>\$ 686,700</u>

**City of Lynnwood, Washington**  
***Interurban Trail Fund***  
***Comparative Statement of Revenues, Expenditures and***  
***Changes in Fund Balances***  
***For the Years Ended December 31, 2016 and 2015***

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Intergovernmental	\$ 50,348	\$ 89,373
<b>Expenditures</b>		
Culture and Recreation	-	31,057
<b>Capital Outlay</b>	<u>286,898</u>	<u>150,300</u>
<b>Total Expenditures</b>	286,898	181,357
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(236,550)	(91,984)
<b>Other Financing Sources (Uses)</b>		
Transfers in (out)	<u>308,344</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	71,794	(91,984)
<b>Fund Balances Beginning of Year</b>	<u>655,643</u>	<u>747,627</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 727,437</u></u>	<u><u>\$ 655,643</u></u>

**City of Lynnwood, Washington**  
**33rd Ave W Extension**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 428,670	\$ 447,749
Restricted cash and cash equivalent	-	-
Receivables:		
Accounts	1,749	1,749
Intergovernmental	-	-
<b>Total Assets</b>	<u>\$ 430,419</u>	<u>\$ 449,498</u>
<b>Liabilities, Deferred Outflows of Revenue and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Interfund	-	-
Other current liabilities	159,188	158,551
Deposits payable	-	-
<b>Total Liabilities</b>	<u>159,188</u>	<u>158,551</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>		
Restricted for capital outlay	<u>271,231</u>	<u>290,947</u>
<b>Total Liabilities, Deferred Outflows of Revenue and Fund Balances</b>	<u>\$ 430,419</u>	<u>\$ 449,498</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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental	\$ -	\$ 1,251,910
Charges for services	-	49,798
Other interest	-	-
<b>Total Revenues</b>	<b>-</b>	<b>1,301,708</b>
<b>Expenditures</b>		
<b>Current</b>		
General Government	-	31,470
<b>Capital Outlay</b>	<b>19,716</b>	<b>2,418,887</b>
<b>Total Expenditures</b>	<b>19,716</b>	<b>2,450,357</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,716)</b>	<b>(1,148,649)</b>
<b>Other Financing Sources</b>		
Transfers in	-	1,212,000
<b>Net Change in Fund Balances</b>	<b>(19,716)</b>	<b>63,351</b>
<b>Fund Balances Beginning of Year</b>	<b>290,947</b>	<b>227,596</b>
<b>Fund Balances End of Year</b>	<b>\$ 271,231</b>	<b>\$ 290,947</b>

**City of Lynnwood, Washington**  
**Citywide Safety Project Fund**  
**Comparative Balance Sheet**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 65	\$ 222,531
Receivables:		
Accounts	-	-
Intergovernmental	<u>961,650</u>	<u>45,310</u>
<b>Total Assets</b>	<u>\$ 961,715</u>	<u>\$ 267,841</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 41,369	\$ 5,727
Interfund payable	<u>808,000</u>	<u>-</u>
<b>Total Liabilities</b>	849,369	5,727
<b>Fund Balances</b>		
Restricted for capital outlay	<u>112,346</u>	<u>262,117</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 961,715</u>	<u>\$ 267,844</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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Intergovernmental	\$ 1,165,224	\$ 177,830
<b>Expenditures</b>		
<b>Current</b>		
General Government	-	189,596
<b>Capital Outlay</b>	1,648,997	-
<b>Total Expenditures</b>	1,648,997	189,596
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(483,773)	(11,766)
<b>Other Financing Sources</b>		
Transfers in	334,002	270,702
<b>Net Change in Fund Balances</b>	(149,771)	258,936
<b>Fund Balances Beginning of Year</b>	262,117	3,181
<b>Fund Balances End of Year</b>	\$ 112,346	\$ 262,117

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,097,897	\$ 6,142,141
Restricted assets: cash and cash equivalents	7,836,000	\$ -
Investments	3,244,695	6,170,702
Receivables:		
Accounts	3,654,455	3,239,953
Interest	5,101	5,100
Prepaid items	136,655	82,109
<b>Total Current Assets</b>	<u>19,974,803</u>	<u>15,640,005</u>
<b>Noncurrent Assets:</b>		
Restricted assets: cash and cash equivalents	7,067,221	24,350,456
Notes receivable	61,322	61,322
Capital assets:		
Nondepreciable	9,820,041	18,521,952
Depreciable, net	56,047,525	32,703,806
<b>Total Noncurrent Assets</b>	<u>72,996,109</u>	<u>75,637,536</u>
<b>TOTAL ASSETS</b>	<u>92,970,912</u>	<u>91,277,541</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCE</b>	<u>465,019</u>	<u>254,109</u>
<b>Total Assets and Deferred Outflows</b>	<u>93,435,931</u>	<u>91,531,650</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	1,424,867	2,540,475
Accrued payroll	189,875	141,311
Retainage payable	183,886	52,044
Custodial accounts payable	40,720	99,469
Compensated absences payable	108,977	89,146
Revenue bonds payable	1,405,000	1,265,000
Interest payable	109,400	84,025
<b>Total Current Liabilities</b>	<u>3,462,725</u>	<u>4,271,470</u>
<b>Long-Term Liabilities (net of current portion):</b>		
Compensated absences payable	253,659	217,104
Net pension liability	2,711,244	2,340,634
Revenue bonds payable	34,311,108	35,842,602
<b>Total Long-term Liabilities</b>	<u>37,276,011</u>	<u>38,400,340</u>
<b>TOTAL LIABILITIES</b>	<u>40,738,736</u>	<u>42,671,810</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCE</b>	<u>85,044</u>	<u>354,849</u>
<b>Net Position</b>		
Net investment in capital assets	38,401,124	31,610,925
Restricted for:		
Debt service	1,405,000	1,265,000
Operating reserves	1,973,258	-
Capital reserves	2,094,248	314,068
Capital projects	8,468,678	-
Unrestricted	269,843	15,314,998
<b>Total Net Position</b>	<u>\$ 52,612,151</u>	<u>\$ 48,504,991</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
<b>Charges for services:</b>		
Water	\$ 6,111,380	\$ 5,712,145
Sewer	10,221,789	9,464,678
Storm	3,444,819	3,106,621
Miscellaneous	92,429	8,653
	<u>19,870,417</u>	<u>18,292,097</u>
<b>Operating Expenses</b>		
Administration and general-Water	1,813,357	1,477,329
Administration and general-Sewer	1,600,856	1,474,984
Administration and general-Storm	775,557	645,725
Maintenance and operation-Water	2,922,132	3,231,298
Maintenance and operation-Sewer	4,648,316	5,339,075
Maintenance and operation-Storm	1,063,588	1,477,767
Depreciation	1,043,069	2,918,798
	<u>13,866,875</u>	<u>16,564,975</u>
<b>Total Operating Expenses</b>	<u>13,866,875</u>	<u>16,564,975</u>
<b>Operating Income</b>	<u>6,003,542</u>	<u>1,727,122</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment interest	152,059	15,639
Interest expense	(1,345,523)	(512,298)
Debt issuance costs	(5,425)	(277,509)
Other nonoperating revenue	-	-
Gain (loss) on the disposition of capital assets	(126,027)	1,037
Miscellaneous revenue	3,187	-
	<u>(1,321,729)</u>	<u>(773,131)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(1,321,729)</u>	<u>(773,131)</u>
<b>Income Before Contributions and Transfers Out</b>	4,681,813	953,991
<b>Contributions</b>	875,036	111,009
<b>Transfers In</b>	53,665	1,015,045
<b>Transfers Out</b>	<u>(2,101,824)</u>	<u>(2,883,579)</u>
<b>Change in Net Position</b>	3,508,690	(803,534)
<b>Net Position Beginning of Year</b>	<u>48,504,991</u>	<u>49,308,525</u>
Prior Period Adjustment	598,470	-
<b>Restated Beginning Net Position</b>	49,103,461	-
<b>Net Position End of Year</b>	<u>\$ 52,612,151</u>	<u>\$ 48,504,991</u>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 19,341,921	\$ 18,156,028
Cash payments to employees for services	(4,655,788)	(4,097,201)
Cash payments to suppliers	(7,016,156)	(5,737,617)
Cash payments to/from other funds	(1,868,199)	(1,868,535)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>5,801,778</u>	<u>6,452,675</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Other nonoperating revenues	-	-
Transfers in	-	-
<b>Net Cash Flows from Noncapital Financing Activities</b>	<u>5,801,778</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital contributions	127,786	111,009
Cash receipts from capital grants	-	-
Cash receipts from the disposal of capital assets	-	1,037
Proceeds from revenue bonds	-	24,075,000
Principal paid on revenue bonds	(1,391,494)	(1,002,836)
Interest paid on revenue bonds and contracts	(1,376,323)	(835,484)
Payments for capital acquisitions	(10,887,973)	(8,122,211)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<u>(13,528,004)</u>	<u>14,226,515</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(2,984,133)	(6,246,217)
Investment (losses)/earnings	218,880	(59,876)
<b>Net Cash Flows From Investing Activities</b>	<u>(2,765,253)</u>	<u>(6,306,093)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(10,491,479)	14,373,097
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>30,492,597</u>	<u>16,119,500</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 20,001,118</u>	<u>\$ 30,492,597</u>

**City of Lynnwood, Washington**  
**Water, Sewer and Storm Water Utility Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income</b>	\$ 6,003,542	\$ 1,727,122
<b>Adjustments:</b>		
Depreciation	1,043,069	2,918,798
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	(414,502)	(228,534)
Inventories, deposits, prepaid and other	(54,546)	(52,807)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	(1,115,608)	1,214,653
Compensated absences payable	56,386	37,664
Other current liabilities	283,437	835,779
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 5,801,778</u>	<u>\$ 6,452,675</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>		
Capital assets written off or retirement	\$ 126,027	\$ 5,054
Contribution of capital assets	875,036	111,009
<b>Total Non-Cash Activities</b>	<u>\$ 1,001,063</u>	<u>\$ 116,063</u>

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 177,368	\$ 231,499
Investments	127,525	57,293
Accounts receivable (net)	-	2,392
Prepaid expenses	2,581	3,355
Inventories	24,273	22,282
<b>Total Current Assets</b>	<u>331,747</u>	<u>316,821</u>
<b>Noncurrent Assets:</b>		
Restricted:		
Cash and investments	18,117	19,572
Customer prepayments	17,291	17,093
Capital assets:		
Nondepreciable	3,760,952	3,663,369
Depreciable, net	178,222	210,377
<b>Total Noncurrent Assets</b>	<u>3,974,582</u>	<u>3,910,411</u>
<b>Total Assets</b>	<u>4,306,329</u>	<u>4,227,232</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	32,496	12,985
Interfund payable	133,000	150,000
Deposits payable	18,805	19,573
Custodial accounts	374	51
Unearned revenue	15,378	17,093
<b>Total Current Liabilities</b>	<u>200,053</u>	<u>199,702</u>
Interfund payable	1,092,000	1,050,000
<b>Total Long-Term Liabilities</b>	<u>1,092,000</u>	<u>1,050,000</u>
<b>Total Liabilities</b>	<u>1,292,053</u>	<u>1,249,702</u>
<b>Net Position</b>		
Investment in capital assets	3,939,174	3,873,746
Unrestricted (deficit)	(924,898)	(896,216)
<b>Total Net Position</b>	<u>\$ 3,014,276</u>	<u>\$ 2,977,530</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Charges for services	\$ 1,018,762	\$ 1,077,916
Rentals	128,531	134,864
Miscellaneous	455	1,412
<b>Total Operating Revenues</b>	<u>1,147,748</u>	<u>1,214,192</u>
<b>Operating Expenses</b>		
Administration and general	1,072,277	1,061,591
Maintenance and operations	3,355	-
Depreciation	32,154	51,144
<b>Total Operating Expenses</b>	<u>1,107,786</u>	<u>1,112,735</u>
<b>Operating Income (Loss)</b>	<u>39,962</u>	<u>101,457</u>
<b>Non-Operating Revenues (Expenses)</b>		
Gain (loss) on disposition of capital assets	-	-
Investment interest	2,392	-
Interest expense	(5,608)	(2,059)
Miscellaneous	-	-
Bond related items	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(3,216)</u>	<u>(2,059)</u>
<b>Income Before Contributions</b>	36,746	99,398
<b>Contributions</b>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	36,746	99,398
<b>Net Position Beginning of Year</b>	<u>2,977,530</u>	<u>2,878,132</u>
<b>Net Position End of Year</b>	<u>\$ 3,014,276</u>	<u>\$ 2,977,530</u>

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 1,150,140	\$ 1,214,769
Cash payments to employees for services	-	-
Cash payments for goods and services	(1,056,142)	(1,076,892)
Other cash received (paid)	(3,355)	(2,821)
<b>Net Cash Provided by (Used in) Operating Activities</b>	90,643	135,056
<b>Cash Flows from/To Noncapital Financing Activities</b>		
Cash flows from/(to) interfund loans	19,392	(102,059)
<b>Cash Flows from Investment Activities</b>		
Purchase of Investments	(67,840)	(57,293)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payments for capital acquisitions	(97,583)	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(55,388)	(24,296)
<b>Cash and Cash Equivalents Beginning of Year</b>	268,164	292,460
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 212,776</u>	<u>\$ 268,164</u>

Continued

**City of Lynnwood, Washington**  
**Golf Course Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

(Continued)

	<b>2016</b>	<b>2015</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income</b>	\$ 39,962	\$ 101,457
<b>Adjustments:</b>		
Depreciation	32,154	51,144
Other nonoperating disbursements	-	-
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	2,392	1,989
Inventories, deposits and prepaid items	(1,218)	(2,412)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	19,511	(14,301)
Compensated absences payable	-	-
Other liabilities	(2,158)	(2,821)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 90,643</b>	<b>\$ 135,056</b>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>		
Retirement and write-off of capital assets	\$ 4,000	\$ -
	-	-
<b>Total Non-Cash Activities</b>	<b>\$ 4,000</b>	<b>\$ -</b>

**City of Lynnwood, Washington**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**December 31, 2016**

	<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	\$ 3,390,297	\$ 262,643	\$ 17,743	\$ 3,670,683
Investments	1,195,000	188,837	12,757	1,396,594
Receivables:				
Accounts	21,069	-	-	21,069
Intergovernmental	94,347	-	-	94,347
Prepaid Insurance	12,503	345,258	-	357,761
<b>Total Current Assets</b>	<b>4,713,216</b>	<b>796,738</b>	<b>30,500</b>	<b>5,540,454</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Nondepreciable	81,462	-	-	81,462
Depreciable, net	6,709,271	-	-	6,709,271
<b>Total Noncurrent Assets:</b>	<b>6,790,733</b>	<b>-</b>	<b>-</b>	<b>6,790,733</b>
<b>Deferred Outflows</b>	<b>75,653</b>	<b>-</b>	<b>-</b>	<b>75,653</b>
<b>Total Assets and Deferred Outflows</b>	<b>11,579,602</b>	<b>796,738</b>	<b>30,500</b>	<b>12,406,840</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	79,257	542,178	-	621,435
Wages payable	35,186	-	-	35,186
Claims and judgments payable	-	88,665	-	88,665
Compensated absences payable	18,670	-	-	18,670
<b>Total Current Liabilities</b>	<b>133,113</b>	<b>630,843</b>	<b>-</b>	<b>763,956</b>
<b>Noncurrent Liabilities</b>				
Compensated absences payable	50,968	-	-	50,968
Net pension liability payable	414,120	-	-	414,120
<b>Total Liabilities</b>	<b>465,088</b>	<b>-</b>	<b>-</b>	<b>465,088</b>
<b>Deferred Inflows</b>	<b>4,157</b>	<b>-</b>	<b>-</b>	<b>4,157</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>602,358</b>	<b>630,843</b>	<b>-</b>	<b>1,233,201</b>
<b>Net Position</b>				
Investment in capital assets	6,790,733	-	-	6,790,733
Unrestricted	4,186,511	165,895	30,500	4,382,906
<b>Total Net Position</b>	<b>\$ 10,977,244</b>	<b>\$ 165,895</b>	<b>\$ 30,500</b>	<b>\$ 11,173,639</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, 2016**

	<b>Equipment Rental Reserve</b>	<b>Self Insurance</b>	<b>Reserve Retirement Contribution</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 3,180,607	\$ 827,068	\$ -	\$ 4,007,675
Miscellaneous	56	-	-	56
<b>Total Operating Revenues</b>	<u>3,180,663</u>	<u>827,068</u>	<u>-</u>	<u>4,007,731</u>
<b>Operating Expenses</b>				
Administration and general	109,501	-	-	109,501
Maintenance and operations	1,858,245	-	-	1,858,245
Insurance and claims	-	785,491	-	785,491
Miscellaneous services	-	-	18,857	18,857
Depreciation	839,384	-	-	839,384
<b>Total Operating Expenses</b>	<u>2,807,130</u>	<u>785,491</u>	<u>18,857</u>	<u>3,611,478</u>
<b>Operating Income (Loss)</b>	<u>373,533</u>	<u>41,577</u>	<u>(18,857)</u>	<u>396,253</u>
<b>Non-Operating Revenues</b>				
Other nonoperating revenue	-	54,820	-	54,820
Investment interest	16,636	580	269	17,485
Gain on disposition of capital assets	249,867	-	-	249,867
<b>Total Non-Operating Revenues</b>	<u>266,503</u>	<u>55,400</u>	<u>269</u>	<u>322,172</u>
Transfers in	131,631	-	-	131,631
Transfers out	(18,428)	-	-	(18,428)
<b>Change in Net Position</b>	<u>753,239</u>	<u>96,977</u>	<u>(18,588)</u>	<u>831,628</u>
<b>Net Position Beginning of Year</b>	10,224,005	68,918	49,088	10,342,011
<b>Net Position End of Year</b>	<u>\$ 10,977,244</u>	<u>\$ 165,895</u>	<u>\$ 30,500</u>	<u>\$ 11,173,639</u>

**City of Lynnwood, Washington**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	<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	\$ 3,293,810	\$ 827,068	\$ -	\$ 4,120,878
Other cash receipts	56	-	-	56
Cash payments to employees for services	(734,913)	-	-	(734,913)
Cash payments for goods and services	(1,296,540)	(162,493)	(18,857)	(1,477,890)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,262,413</b>	<b>664,575</b>	<b>(18,857)</b>	<b>1,908,131</b>
<b>Cash Flows from Non-Capital financing activities</b>				
Interfund loan received	(171,387)	(275,000)	-	(446,387)
Insurance recoveries	-	54,820	-	54,820
<b>Net Cash Flows from non-Capital and related financing activities</b>	<b>(171,387)</b>	<b>(220,180)</b>	<b>-</b>	<b>(391,567)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(890,231)	-	-	(890,231)
Proceeds from sale of equipment	249,867	-	-	249,867
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(640,364)</b>	<b>-</b>	<b>-</b>	<b>(640,364)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	(752,155)	(187,110)	(4,115)	(943,380)
Interest and dividends on investments	16,636	-	269	16,905
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(735,519)</b>	<b>(187,110)</b>	<b>(3,846)</b>	<b>(926,475)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(284,857)</b>	<b>257,285</b>	<b>(22,703)</b>	<b>(50,275)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>3,675,154</b>	<b>5,358</b>	<b>40,446</b>	<b>3,720,958</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 3,390,297</b>	<b>\$ 262,643</b>	<b>\$ 17,743</b>	<b>\$ 3,670,683</b>

**City of Lynnwood, Washington**  
*Internal Service Funds*  
**Combining Statement of Cash Flows**  
*For the Year Ended December 31, 2016*

	<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>	\$ 373,533	\$ 41,577	\$ (18,857)	\$ 396,253
<b>Adjustments:</b>				
Depreciation	839,384	-	-	839,384
<b>(Increase) Decrease in Assets:</b>				
Receivables, net	1,386	-	-	1,386
Inventories, deposits and prepaid expenses	34,343	26,905	-	61,248
<b>Increase (Decrease) in Liabilities:</b>				
Accounts and other payables	21,106	596,093	-	617,199
Compensated absences	(7,339)	-	-	(7,339)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,262,413</u>	<u>\$ 664,575</u>	<u>\$ (18,857)</u>	<u>\$ 1,908,131</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,390,297	\$ 3,675,154
Investments	1,195,000	442,845
Receivables:		
Accounts	21,069	20,145
Intergovernmental	94,347	95,734
Prepaid Insurance	12,503	91,491
<b>Total Current Assets</b>	<u>4,713,216</u>	<u>4,325,369</u>
<b>Noncurrent Assets:</b>		
Capital assets:		
Nondepreciable	81,462	43,294
Depreciable, net	6,709,271	6,543,404
<b>Total Noncurrent Assets:</b>	<u>6,790,733</u>	<u>6,586,698</u>
<b>Deferred Outflows</b>	<u>75,653</u>	<u>37,723</u>
<b>Total Assets and Deferred Outflows</b>	<u>11,579,602</u>	<u>10,949,790</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	79,257	74,995
Wages payable	35,186	24,166
Interfund loan payable	-	170,000
Compensated absences payable	18,670	12,846
<b>Total Current Liabilities</b>	<u>133,113</u>	<u>282,007</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	50,968	43,629
Net pension liability	414,120	347,472
<b>Total Noncurrent Liabilities</b>	<u>465,088</u>	<u>391,101</u>
<b>Deferred Inflows</b>	<u>4,157</u>	<u>52,677</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>602,358</u>	<u>725,785</u>
<b>Net Position</b>		
Investment in capital assets	6,790,733	6,586,698
Unrestricted	4,186,511	3,637,307
<b>Total Net Position</b>	<u>\$ 10,977,244</u>	<u>\$ 10,224,005</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Charges for services	\$ 3,180,607	\$ 2,741,843
Miscellaneous	56	65,947
<b>Total Operating Revenues</b>	<u>3,180,663</u>	<u>2,807,790</u>
<b>Operating Expenses</b>		
Administration and general	109,501	86,485
Maintenance and operations	1,858,245	1,391,022
Depreciation	839,384	777,079
<b>Total Operating Expenses</b>	<u>2,807,130</u>	<u>2,254,586</u>
<b>Operating Income</b>	<u>373,533</u>	<u>553,204</u>
<b>Non-Operating Revenues</b>		
Investment interest	16,636	-
Gain on disposition of capital assets	249,867	189,949
<b>Total Non-Operating Revenues</b>	<u>266,503</u>	<u>189,949</u>
<b>Income Before Transfers in</b>	640,036	743,153
<b>Transfers in</b>	131,631	-
<b>Transfers out</b>	<u>(18,428)</u>	<u>-</u>
<b>Change in Net Position</b>	753,239	743,153
<b>Net Position Beginning of Year</b>	<u>10,224,005</u>	<u>9,480,852</u>
<b>Net Position End of Year</b>	<u>\$ 10,977,244</u>	<u>\$ 10,224,005</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ 3,293,810	\$ 2,792,509
Other cash receipts	56	65,947
Cash payments to employees for services	(734,913)	(546,444)
Cash payments for goods and services	(1,296,540)	(1,200,127)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,262,413</u>	<u>1,111,885</u>
<b>Cash Flows from Non-Capital financing activities</b>		
Interfund loan received/(paid)	(171,387)	170,000
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(890,231)	(1,541,158)
Proceeds from sale of equipment	249,867	189,949
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(640,364)</u>	<u>(1,351,209)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(752,155)	(448,257)
Interest and dividends on investments	16,636	(5,411)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(735,519)</u>	<u>(453,668)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(284,857)	(522,992)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>3,675,154</u>	<u>4,198,146</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 3,390,297</u>	<u>\$ 3,675,154</u>

**City of Lynnwood, Washington**  
**Equipment Rental Reserve Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income/ (Loss)</b>	\$ 373,533	\$ 553,204
<b>Adjustments:</b>		
Depreciation	839,384	777,079
Other non-operating receipts and disbursements	-	-
<b>(Increase) Decrease in Assets:</b>		
Receivables, net	1,386	(15,281)
Inventories, deposits and prepaid expenses	34,343	(197,844)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts and other payables	21,106	(4,877)
Compensated absences	(7,339)	(396)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,262,413</u>	<u>\$ 1,111,885</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 262,643	\$ 5,358
Investments	188,837	1,147
Accounts receivables	-	-
Prepaid insurance	345,258	372,163
<b>Total Current Assets</b>	<u>796,738</u>	<u>378,668</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	542,178	-
Claims and judgements payable	88,665	34,750
Interfund loans payable	-	275,000
<b>Total Current Liabilities</b>	<u>630,843</u>	<u>309,750</u>
<b>Net Position</b>		
Restricted	<u>\$ 165,895</u>	<u>\$ 68,918</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Charges for services	\$ 827,068	\$ 794,556
<b>Operating Expenses</b>		
Administration and general	-	-
Maintenance and operations	-	931
Insurance and claims	785,491	850,749
<b>Total Operating Expenses</b>	785,491	851,680
<b>Operating Income (Loss)</b>	41,577	(57,124)
<b>Non-Operating Revenues (Expenses)</b>		
Investment interest	580	-
Insurance and claims	54,820	43,215
Interest expense	-	-
<b>Total Non-Operating Revenues</b>	55,400	43,215
<b>Income Before Transfers in</b>	96,977	(13,909)
<b>Transfers in</b>	-	-
<b>Change in Net Position</b>	96,977	(13,909)
<b>Net Position Beginning of Year</b>	68,918	82,827
<b>Net Position End of Year</b>	<u>\$ 165,895</u>	<u>\$ 68,918</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from interfund services provided	\$ 827,068	\$ 819,768
Payments to other funds for services	-	-
Cash payments for goods and services	(162,493)	(1,276,859)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>664,575</u>	<u>(457,091)</u>
<b>Cash Flows from non-Capital and related financing activities:</b>		
Insurance recoveries	54,820	43,215
Receipts from non-capital grants	-	-
Interfund loans received/(paid)	(275,000)	275,000
<b>Cash Flows from non-Capital and related financing activities</b>	<u>(220,180)</u>	<u>318,215</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	(187,110)	(1,147)
Proceeds from sale and maturities of investment securities	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(187,110)</u>	<u>(1,147)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	257,285	(140,023)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>5,358</u>	<u>145,381</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 262,643</u>	<u>\$ 5,358</u>

**City of Lynnwood, Washington**  
**Self Insurance Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income (Loss)</b>	\$ 41,577	\$ (57,124)
<b>Adjustments:</b>		
Depreciation	-	-
Other non-operating receipts/disbursements	-	-
<b>(Increase) Decrease in Assets:</b>		
Receivables, net	-	-
Inventories, deposits and prepaid expenses	26,905	(434,717)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	596,093	34,750
Other Current Liabilities	-	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 664,575</u>	<u>\$ (457,091)</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	2016	2015
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 17,743	\$ 40,446
Investments	12,757	8,642
	\$ 30,500	\$ 49,088
 <b>Net Position</b>		
Unrestricted	\$ 30,500	\$ 49,088

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</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	-	-
Miscellaneous services	18,857	-
<b>Total Operating Expenses</b>	<u>18,857</u>	<u>-</u>
<b>Operating (Loss)</b>	(18,857)	-
<b>Non-Operating Revenues</b>		
Investment interest	269	-
<b>Change in Net Position</b>	(18,588)	-
<b>Net Position Beginning of Year</b>	<u>49,088</u>	<u>49,088</u>
<b>Net Position End of Year</b>	<u>\$ 30,500</u>	<u>\$ 49,088</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</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	-	-
Other cash payments	(18,857)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(18,857)</u>	<u>-</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	(4,115)	(8,642)
Proceeds from sale and maturities of investment securities	-	-
Interest and dividends on investments	269	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(3,846)</u>	<u>(8,642)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(22,703)	(8,642)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>40,446</u>	<u>49,088</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 17,743</u>	<u>\$ 40,446</u>

**City of Lynnwood, Washington**  
**Resource Retirement Contribution Fund**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating (Loss)</b>	\$ (18,857)	\$ -
<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>\$ (18,857)</u>	<u>\$ -</u>

**City of Lynnwood, Washington**  
*Comparative Statement of Net Plan Position*  
*Recreation Scholarship funds*  
*Fiduciary Funds*  
*For the Years Ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Restricted cash and investments	\$ 18,658	\$ 15,310
Investments	982	3,275
<b>Total Assets</b>	<u>\$ 19,640</u>	<u>\$ 18,585</u>
<b>Net Position</b>		
Held in trust for scholarships	<u>\$ 19,640</u>	<u>\$ 18,585</u>

**City of Lynnwood, Washington**  
***Comparative Statement of Changes in Fiduciary Net Position***  
***Recreation Scholarship Funds***  
***Fiduciary Funds***  
***For the Years Ended December 31, 2016 and 2015***

	<b>2016</b>	<b>2015</b>
<b>Additions</b>		
Contributions	\$ 1,055	\$ 1,294
<b>Beginning Net Position</b>	18,585	17,291
<b>Ending Net Position</b>	\$ 19,640	\$ 18,585

**City of Lynnwood, Washington**  
*Comparative Statement of Net Position*  
**Court Trust Fund**  
*Fiduciary Funds*  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Restricted cash and investments	\$ 51,291	\$ 31,884
<b>Liabilities</b>		
Custodial Accounts	\$ 51,291	\$ 31,884

**City of Lynnwood, Washington**  
*Statement of Changes in Fiduciary Net Position*  
**Court Trust Fund**  
*Fiduciary Funds*  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Court collections	\$ 65,257	\$ 61,970
<b>Deductions</b>		
Disbursements	\$ 45,850	\$ 111,783
<b>Change in Net Position</b>	\$ 19,407	\$ (49,813)
Beginning Net Position	\$ 31,884	\$ 81,697
Ending Net Position	<u>\$ 51,291</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 238,348	\$ 419,955
Investments	171,370	89,715
Prepaid expenses	-	-
<b>Total Assets</b>	<u>\$ 409,718</u>	<u>\$ 509,670</u>
<b>Net Position</b>		
Restricted for pensions	<u>\$ 409,718</u>	<u>\$ 509,670</u>

**City of Lynnwood, Washington**  
*Statement of Changes in Fiduciary Net Position*  
*Pension Trust Fund*  
*Fiduciary Funds*  
*December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Intergovernmental revenues	\$ 55,130	\$ 55,514
Investment interest	2,960	-
Total Additions	<u>\$ 58,090</u>	<u>\$ 55,514</u>
<b>Deductions</b>		
Benefits	\$ 158,042	\$ 161,236
Administrative Expenses	-	-
Total Deductions	<u>\$ 158,042</u>	<u>\$ 161,236</u>
<b>Change in Net Position</b>	\$ (99,952)	\$ (105,722)
Beginning Net Position	509,670	615,392
Ending Net Position	<u><u>\$ 409,718</u></u>	<u><u>\$ 509,670</u></u>

**City of Lynnwood, Washington**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2016*

<b>Miscellaneous Suspense Fund</b>	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 634,974	\$ 1,928,149	\$ 2,070,583	\$ 492,540
<b>Liabilities</b>				
Accounts payable	\$ 634,974	\$ 1,928,149	\$ 2,070,583	\$ 492,540
<hr/>				
<b>Payroll Clearing</b>	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 828,145	\$ 25,651,856	\$ 26,480,001	\$ -
<b>Liabilities</b>				
Wages and Vouchers payable	\$ 828,145	\$ 25,651,856	\$ 26,480,001	\$ -
<hr/>				
<b>AP Clearing</b>	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,883	\$ -	\$ 3,883	\$ -
<b>Liabilities</b>				
Vouchers Payable	\$ 3,883	\$ -	\$ 3,883	\$ -
<hr/>				
<b>Investment Clearing</b>	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash and cash equivalents	\$ (50,121)	\$ 98,982,526	\$ 98,990,569	\$ (58,164)
<b>Liabilities</b>				
Due to other funds	\$ (50,121)	\$ 98,982,526	\$ 98,990,569	\$ (58,164)

City of Lynnwood, Washington  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	EXPENDITURES			Foot-note Ref
				From Pass-Through Awards	From Direct Awards	Total	
Department of Justice Violence Against Women Office (via WSDOC)	STOP Violence Against Women Formula Grant Program	16.588	F15-31103-060	\$ 1,885		\$ 1,885	1, 2, 6, 7
Bureau of Justice Assistance	Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	-	11,493	\$ 11,493	1, 2, 6, 7
<b>Highway Planning and Construction Cluster</b>							
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	CM-0524(011) LA-7931	\$ 593,836		\$ 593,836	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-9931(009) LA-7167	121,597		121,597	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-9931(016) LA-8838	800,000		800,000	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-2004(037) LA-5787	301,989		301,989	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPE-9999(676) LA-8357	50,348		50,348	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S(309) LA-7806	212,144		212,144	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S(310) LA-7807	575,417		575,417	
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S(311) LA-7808	380,313	-	380,313	
<b>Total Highway Planning and Construction Cluster:</b>				<b>\$ 3,035,645</b>	<b>\$ -</b>	<b>\$ 3,035,645</b>	1, 2, 6, 7
<b>Highway Safety Cluster</b>							
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WASPC)	National Highway Traffic Safety	20.600	Traffic Safety Equipment Grant - Stalker Lidar XLR Radar	\$ 2,840		\$ 2,840	
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	LEL to promote Target Zero	1,929		1,929	
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.616	Target Zero: Impaired Driving	9,652		9,652	
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.616	Target Zero: Seatbelts	1,609		1,609	
<b>Total Highway Safety Cluster:</b>				<b>\$ 18,041</b>		<b>\$ 18,041</b>	1, 2, 6, 7
U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4242-DR-WA-Washington Severe Windstorm		\$ 32,951	\$ 32,951	
U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4249-DR-WA-Washington Severe Storms, Straight-line Winds, Flooding, Landslides, and Mudslides	-	18,445	18,445	
				<b>\$ -</b>	<b>\$ 51,396</b>	<b>\$ 51,396</b>	1, 2, 6, 7
U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA)	Assistance to Firefighters Grant	97.044	EMW-2015-FR-00073	-	34,000	34,000	
U.S. Department of Homeland Security, (via Seattle Police Department)	CyberTipline	97.076	UASI/FFY2015-Tactical Camera	10,282		10,282	
U.S. Department of Homeland Security, (via Bellevue Police Department)	CyberTipline	97.076	UASI/FFY2015-Thermal Eye Series FLIR	3,500	-	3,500	
<b>Total Federal Awards Expended</b>				<b>13,782</b>	<b>-</b>	<b>13,782</b>	1, 2, 6, 7
				<b>\$ 3,069,352</b>	<b>\$ 96,889</b>	<b>\$ 3,166,241</b>	1, 2, 6, 7

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

CITY OF LYNNWOOD, WASHINGTON

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016**

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 6 – NONCASH AWARDS – Equipment

The City received equipment and supplies that were purchased with federal Homeland Security funds by the state of Washington. The amount reported on the schedule is the value of the property on the date it was received by the City and priced at replacement value.

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.

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

	Amounts									
	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	Restated December 31, 2014	Restated December 31, 2015	December 31, 2016
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 85,505	\$ 101,902	\$ 112,038	\$ 119,542	\$ 103,947	\$ 102,878	\$ 105,273	\$ 108,229	\$ 122,437	\$ 122,041
Restricted	11,403	10,824	5,317	3,434	8,796	6,906	9,357	12,091	13,139	15,688
Unrestricted	15,684	10,394	1,058	661	8,085	14,259	19,684	22,572	12,973	15,757
<b>Subtotal Governmental Activities Net Position</b>	<b>112,592</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>148,549</b>	<b>153,486</b>
<b>Business-type Activities</b>										
Net investment in capital assets	41,126	39,047	37,485	36,825	44,192	41,185	39,477	39,111	35,485	42,340
Restricted	864	6,202	5,841	1,733	8,960	5,997	2,759	3,144	1,579	13,941
Unrestricted	9,060	8,821	8,046	17,138	2,596	6,985	12,388	12,472	15,104	(494)
<b>Subtotal Business-type Activities Net Position</b>	<b>51,050</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>52,168</b>	<b>55,787</b>
<b>Primary Government</b>										
Net investment in capital assets	126,631	140,949	149,523	156,367	148,139	144,063	144,750	147,340	157,922	164,381
Restricted	12,267	17,026	11,158	5,167	17,756	12,903	12,116	15,235	14,718	29,629
Unrestricted	24,744	19,215	9,104	17,799	10,681	21,244	32,072	35,044	28,077	15,263
<b>Total Primary Government Net Position</b>	<b>\$ 163,642</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>\$ 200,717</b>	<b>\$ 209,273</b>
<b>Total Percentage Increase or Decrease From Prior Fiscal Year</b>	N/A	N/A	3.8%	5.6%	-1.5%	0.9%	6.0%	4.6%	1.6%	4.3%
	<b>Percentage of Total</b>									
	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
<b>Governmental Activities</b>										
Net investment in capital assets	75.9%	82.8%	94.6%	96.7%	86.0%	82.9%	78.4%	75.7%	82.4%	79.5%
Restricted	10.1%	8.8%	4.5%	2.8%	7.3%	5.6%	7.0%	8.5%	8.8%	10.2%
Unrestricted	13.9%	8.4%	0.9%	0.5%	6.7%	11.5%	14.6%	15.8%	8.7%	10.3%
<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>100.0%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Business-type Activities</b>										
Net investment in capital assets	80.6%	72.2%	73.0%	66.1%	79.3%	76.0%	72.3%	71.5%	68.0%	75.9%
Restricted	1.7%	11.5%	11.4%	3.1%	16.1%	11.1%	5.1%	5.7%	3.0%	25.0%
Unrestricted	17.7%	16.3%	15.6%	30.8%	4.6%	12.9%	22.6%	22.8%	29.0%	-0.9%
<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>100.0%</b>	<b>100.0%</b>
<b>Primary Government</b>										
Net investment in capital assets	77.4%	79.5%	88.1%	87.2%	83.9%	80.8%	76.6%	74.6%	78.7%	78.5%
Restricted	7.5%	9.6%	6.6%	2.8%	10.1%	7.2%	6.4%	7.7%	7.3%	14.2%
Unrestricted	15.1%	10.8%	19.3%	6.0%	6.0%	12.0%	17.0%	17.7%	14.0%	7.3%
<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>	<b>100.0%</b>	<b>100.0%</b>

Notes:

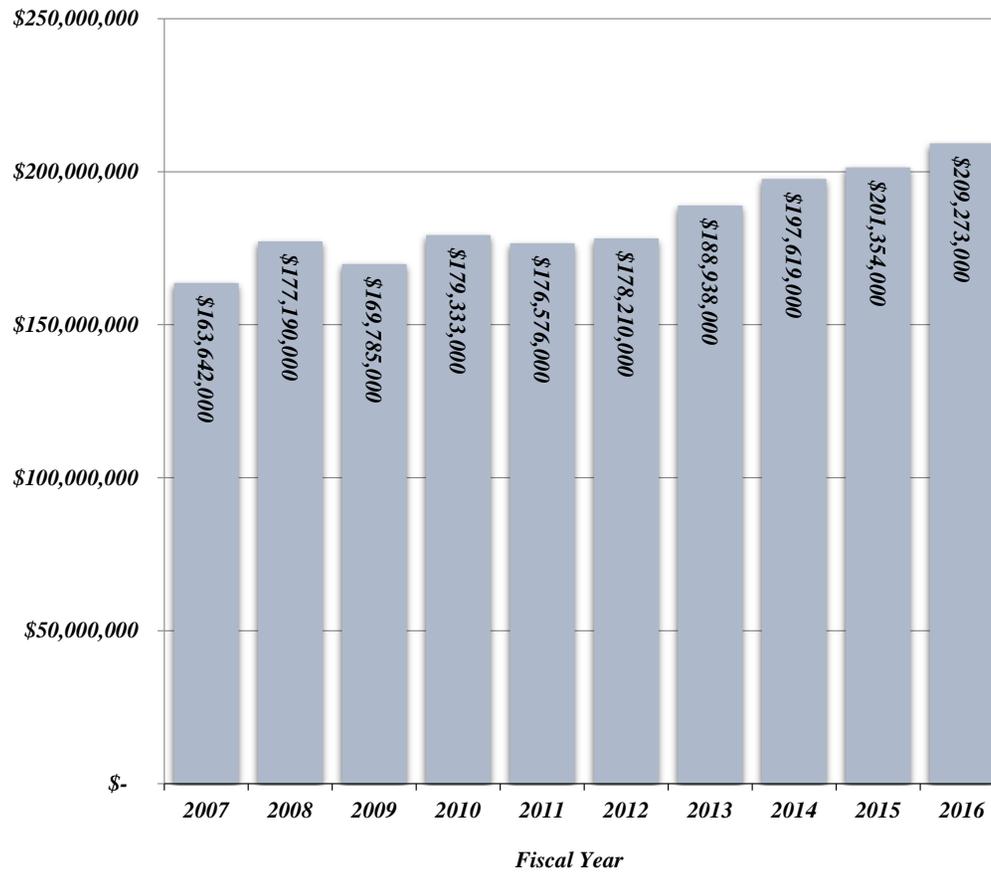
<sup>1</sup> Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Washington or the federal 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.

Data Source:

Applicable years' comprehensive annual financial report.

*Exhibit I-A*

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



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

	Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
General government	\$ 7,087	\$ 7,947	\$ 8,953	\$ 7,298	\$ 6,661	\$ 7,864	\$ 12,126	\$ 13,938	\$ 11,731	\$ 13,988
Judicial	-	-	-	1,174	1,046	1,060	1,567	998	1,080	1,056
Public safety	23,222	25,203	27,527	25,856	24,493	25,552	26,684	26,272	29,038	32,400
Physical environment	4,407	4,594	5,027	2,781	1,785	1,985	33	295	-	-
Transportation	5,184	6,052	5,272	5,283	4,255	4,983	7,362	8,843	6,110	5,975
Natural environment	-	-	-	-	-	-	153	110	283	346
Social services	-	-	-	-	-	-	408	418	460	362
Human services	498	616	718	-	-	-	-	-	-	-
Economic environment	-	-	-	3,291	2,834	2,668	2,780	4,230	2,874	3,443
Culture and recreation	7,154	6,507	7,039	5,789	7,289	7,406	8,250	6,833	6,793	6,923
Utilities	-	-	-	-	-	-	-	-	82	2
Interest on long-term debt	828	669	660	749	1,094	1,209	1,119	1,110	1,058	993
<b>Total Expenses</b>	<b>48,380</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>65,488</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	5,465	6,798	6,563	1,749	2,760	2,683	6,880	4,907	5,262	3,768
Culture and recreation	1,185	1,913	1,766	1,727	2,185	2,860	2,715	2,695	2,407	2,725
Other activities	3,452	3,305	2,752	9,761	6,833	7,378	9,944	11,036	6,490	8,104
Operating grants and contributions	1,690	1,045	1,270	3,965	1,257	1,603	1,495	2,588	1,220	1,139
Capital grants and contributions	1,887	3,918	4,810	2,577	2,305	1,729	4,947	6,495	11,922	7,104
<b>Total Program Revenues</b>	<b>13,679</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>22,840</b>
<b>Net (Expense) Revenue</b>	<b>(34,701)</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>(42,648)</b>
<b>General Revenues</b>										
Taxes:										
Property	9,788	10,168	10,008	10,387	11,092	11,072	11,515	11,511	11,515	11,861
Sales	20,573	19,255	15,844	16,151	16,828	18,076	19,070	19,856	21,130	23,268
Other	4,267	3,752	4,359	6,232	7,996	8,573	10,575	9,878	10,031	9,917
Investment earnings	1,965	1,643	802	388	271	237	204	168	-	293
Miscellaneous	23	617	(79)	1,667	7	(74)	5	14	748	199
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	(23)	247	175	-
<b>Transfers in</b>	<b>532</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>2,048</b>
<b>Total General Revenues</b>	<b>37,148</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>47,586</b>
<b>Change in Net Position</b>	<b>\$ 2,447</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>	<b>\$ 4,938</b>

**Notes:**

**Data Source:**

Applicable years' comprehensive annual financial report.

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

	Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
Water/Sewer/Storm Water Utilities	\$ 10,637	\$ 11,446	\$ 12,017	\$ 11,612	\$ 12,841	\$ 14,314	\$ 14,297	\$ 14,917	\$ 17,442	\$ 15,144
Golf	999	1,019	1,101	1,449	1,082	1,068	977	1,019	1,115	1,113
<b>Total Expenses</b>	<b>11,636</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>16,257</b>
<b>Program Revenues:</b>										
Charges for services:										
Water/Sewer/Storm Water Utilities	10,299	11,487	11,750	12,543	13,740	14,348	16,125	17,242	18,292	19,870
Golf	1,199	1,075	1,070	984	1,067	949	1,083	1,113	1,213	1,148
Operating grants and contributions	-	-	-	-	-	106	-	170	-	-
Capital grants and contributions	666	205	96	248	212	124	225	823	111	875
<b>Total Program Revenues</b>	<b>12,164</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>21,893</b>
<b>Net (Expense) Revenue</b>	<b>528</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>	<b>5,636</b>
Investment earnings	496	434	205	96	72	50	27	18	16	154
Miscellaneous	-	-	-	-	-	-	234	46	2	3
Disposal of capital assets	-	-	-	-	2	-	(4)	1	-	(126)
<b>Transfers</b>	<b>(532)</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>(2,048)</b>
<b>Total General Revenues</b>	<b>(36)</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>(2,017)</b>
<b>Change in Net Position</b>	<b>\$ 492</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>	<b>\$ 3,619</b>

**Notes:**

<sup>1</sup> The City implemented GASB Statement No. 34 in calendar year 2008, therefore, only nine 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 Ten Calendar Years**  
*(Amounts Expressed in \$1,000)*  
*(accrual basis of accounting)*

	Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
Governmental activities <sup>1</sup>	\$ 48,380	\$ 51,588	\$ 55,196	\$ 52,221	\$ 49,457	\$ 52,727	\$ 60,482	\$ 63,047	\$ 59,509	\$ 65,488
Business-type activities <sup>2</sup>	11,636	12,465	13,118	13,061	13,923	15,382	15,274	15,936	18,557	16,257
<b>Total Expenses</b>	<b>60,016</b>	<b>64,053</b>	<b>68,314</b>	<b>65,282</b>	<b>63,380</b>	<b>68,109</b>	<b>75,756</b>	<b>78,983</b>	<b>78,066</b>	<b>81,745</b>
<b>Program Revenues:</b>										
Governmental activities <sup>1</sup>	13,679	16,979	17,161	19,779	15,340	16,253	25,981	27,721	27,301	22,840
Business-type activities <sup>2</sup>	12,164	12,767	12,916	13,775	15,019	15,527	17,433	19,348	19,616	21,893
<b>Total Program Revenues</b>	<b>25,843</b>	<b>29,746</b>	<b>30,077</b>	<b>33,554</b>	<b>30,359</b>	<b>31,780</b>	<b>43,414</b>	<b>47,069</b>	<b>46,917</b>	<b>44,733</b>
<b>Net (Expense) Revenue</b>	<b>(34,173)</b>	<b>(34,307)</b>	<b>(38,237)</b>	<b>(31,728)</b>	<b>(33,021)</b>	<b>(36,329)</b>	<b>(32,342)</b>	<b>(31,914)</b>	<b>(31,149)</b>	<b>(37,012)</b>
<b>General Revenues:</b>										
Governmental activities <sup>1</sup>	37,148	35,931	33,635	35,521	36,811	39,271	43,174	43,411	45,468	47,586
Business-type activities <sup>2</sup>	(36)	(62)	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)
<b>Total General Revenues</b>	<b>37,112</b>	<b>35,869</b>	<b>31,139</b>	<b>34,921</b>	<b>36,268</b>	<b>37,934</b>	<b>41,604</b>	<b>41,739</b>	<b>43,617</b>	<b>45,569</b>
<b>Change in Net Position</b>	<b>\$ 2,939</b>	<b>\$ 1,562</b>	<b>\$ (7,098)</b>	<b>\$ 3,193</b>	<b>\$ 3,247</b>	<b>\$ 1,605</b>	<b>\$ 9,262</b>	<b>\$ 9,825</b>	<b>\$ 12,468</b>	<b>\$ 8,557</b>

Notes:

Data Source:

<sup>1</sup>See Exhibit II

<sup>2</sup>See Exhibit III

**City of Lynnwood, Washington**  
**Fund Balances - Governmental Funds**  
**Calendar Years 2007 - 2010**  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

	<b>December 31,</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Fund</b>				
Reserved	\$ 6,197	\$ 6,106	\$ (116)	\$ 4,638
<b>General Fund Percentage Change</b>	100.0%	-1.5%	-101.9%	-4098.3%
<b>All Other Governmental Funds</b>				
Reserved	2,038	1,943	2,161	1,992
Unreserved	-	-	-	25
Special Revenue Funds	9,824	6,896	5,305	4,281
Capital Projects Funds	8,890	8,880	3,173	(16,935)
<b>Subtotal All Other Governmental Funds</b>	20,752	17,719	10,639	(10,637)
<b>Total Governmental Funds</b>	\$ 26,949	\$ 23,825	\$ 10,523	\$ (5,999)
<b>All Governmental Funds Percentage Change</b>	2.1%	-11.6%	-55.8%	-157.0%

**Notes:**

The City implemented GASB Statement No. 54 in calendar year 2011 (See Exhibit V-A) .

**City of Lynnwood, Washington**  
**Fund Balances - Governmental Funds**  
**Calendar Years 2011 - 2016**  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

	December 31,					
	2011	2012	2013	2014	2015	2016
<b>General Fund</b>						
Nonspendable	\$ 910	\$ 721	\$ 434	\$ 2,453	\$ 103	\$ 21
Restricted	88	180	86	87	-	-
Committed	31	1,033	2,030	5,848	5,815	6,000
Assigned	4,716	3,710	2,920	1,502	2,019	4,551
Unassigned	6,780	12,580	15,683	8,012	11,493	10,114
<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>\$ 20,686</b>
<b>General Fund Percentage Change</b>	0.0%	45.5%	16.1%	-15.4%	8.5%	6.5%
<b>All Other Governmental Funds</b>						
Restricted	\$ 5,266	\$ 5,983	\$ 8,834	\$ 10,619	\$ 13,138	\$ 15,688
Committed	1,247	1,715	1,558	1,099	340	817
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>\$ 16,505</b>
<b>All Other Governmental Funds Percentage Change</b>	0.0%	-138.8%	37.9%	21.2%	14.7%	22.5%
<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>\$ 37,191</b>
<b>All Governmental Funds Percentage Change</b>	0.0%	-552.3%	22.2%	-3.9%	11.0%	13.0%

**Notes:**

The City implemented GASB Statement No. 54 in calendar year 2011.

**Data Source:**

Applicable years' comprehensive annual financial report.

**City of Lynnwood, Washington**  
**General Governmental Revenues by Source (Unaudited) <sup>1</sup>**  
**Last Ten Calendar Years**  
*(Amounts Expressed in \$1,000)*  
*(modified accrual basis of accounting)*

<b>For the Calendar Year Ended December 31,</b>										
<b>Revenue Source</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Dollar Amounts</b>										
Taxes	\$ 33,706	\$ 32,157	\$ 29,139	\$ 31,800	\$ 35,000	\$ 36,781	\$ 39,285	\$ 33,476	\$ 41,979	\$ 44,348
Licenses and permits	2,673	2,411	1,972	1,919	3,077	3,332	3,360	3,564	4,767	4,757
Intergovernmental	5,095	7,354	8,500	8,951	5,433	5,187	5,740	1,360	8,600	6,933
Charges for services	3,091	4,000	3,879	3,921	4,943	5,897	6,068	5,412	5,486	4,846
Fines and forfeitures	3,901	5,081	4,803	7,428	3,987	3,963	4,437	1,629	4,901	4,723
Investment earnings	1,747	1,457	\$ 701	357	266	232	200	16	108	275
Miscellaneous <sup>3</sup>	397	478	443	412	373	438	405	434	642	2,456
<b>Total revenues</b>	<b>\$ 50,610</b>	<b>\$ 52,938</b>	<b>\$ 49,437</b>	<b>\$ 54,788</b>	<b>\$ 53,079</b>	<b>\$ 55,830</b>	<b>\$ 59,495</b>	<b>\$ 45,891</b>	<b>\$ 66,483</b>	<b>\$ 68,338</b>
% change from prior year	N/A	4.6%	-6.6%	10.8%	-3.1%	5.2%	6.6%	-22.9%	44.9%	2.8%
<b>Percentage of Total</b>										
Taxes	66.6%	60.7%	58.9%	58.0%	65.9%	65.9%	66.0%	72.9%	63.1%	64.9%
Licenses and permits	5.3%	4.6%	4.0%	3.5%	5.8%	6.0%	5.6%	7.8%	7.2%	7.0%
Intergovernmental	10.1%	13.9%	17.2%	16.3%	10.2%	9.3%	9.6%	3.0%	12.9%	10.1%
Charges for services	6.1%	7.6%	7.8%	7.2%	9.3%	10.6%	10.2%	11.8%	8.3%	7.1%
Fines and forfeitures	7.7%	9.6%	9.7%	13.6%	7.5%	7.1%	7.5%	3.5%	7.4%	6.9%
Investment earnings	3.5%	2.8%	1.4%	0.7%	0.5%	0.4%	0.3%	0.0%	0.2%	0.4%
Miscellaneous	0.8%	0.9%	0.9%	0.8%	0.7%	0.8%	0.7%	0.9%	0.9%	0.9%
<b>Total revenues</b>	<b>100.0%</b>									

**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' annual financial report.

**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,	Property	Sales	Franchise Tax	Gambling Tax	Admission Tax	Transient Lodging Tax	Other Taxes	Total
<b>Amounts</b>								
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
2016	11,861	23,268	513	138	662	797	7,109	44,348
<b>% Change in Dollars</b>								
Over 10 Years	31.4%	8.1%	65.2%	-37.5%	5.2%	63.8%	157.8%	28.3%
<b>Percentage of Total</b>								
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%
2016	26.7%	52.5%	1.2%	0.3%	1.5%	1.8%	16.0%	100.0%

**Notes:**

<sup>1</sup> Includes primarily gambling taxes, admission taxes, hotel/motel taxes, and real estate excise taxes.

**Data Source:**

Applicable years' annual financial report.

City of Lynnwood, Washington  
 General Governmental Expenditures by Function (Unaudited) <sup>1</sup>  
 Last Ten Calendar Years  
 (Amounts Expressed in \$1,000)  
 (modified accrual basis of accounting)

For the Calendar Year Ended December 31,										
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Current:</b>										
General government	\$ 7,906	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183
Public safety	22,127	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928
Judicial	-	-	-	1,166	1,046	1,060	1,055	997	1,083	1,058
Utilities & environment	-	-	-	-	-	-	1,280	251	201	154
Economic environment	-	-	-	-	-	-	2,786	2,997	2,931	3,659
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	5,485
Social services	498	616	718	-	-	-	6,608	417	460	499
Culture and recreation	6,612	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342
<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>	<b>58,308</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>7.8%</b>	<b>5.7%</b>	<b>-4.3%</b>	<b>-4.5%</b>	<b>2.8%</b>	<b>11.2%</b>	<b>-9.2%</b>	<b>11.1%</b>	<b>9.4%</b>
<b>Capital Outlay</b>	<b>2,379</b>	<b>6,524</b>	<b>12,721</b>	<b>23,950</b>	<b>6,884</b>	<b>4,381</b>	<b>4,644</b>	<b>338</b>	<b>8,866</b>	<b>5,341</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>174.2%</b>	<b>95.0%</b>	<b>88.3%</b>	<b>-71.3%</b>	<b>-36.4%</b>	<b>6.0%</b>	<b>-92.7%</b>	<b>2523.1%</b>	<b>-39.8%</b>
<b>Debt Service</b>										
Principal	1,488	1,501	5,818	1,745	1,276	1,292	1,424	1,295	1,401	1,354
Interest	781	669	643	694	1,017	1,209	1,172	1,119	1,058	993
Other charges	-	-	-	-	-	217	-	-	-	-
<b>Total Debt Service</b>	<b>2,269</b>	<b>2,170</b>	<b>6,461</b>	<b>2,439</b>	<b>2,293</b>	<b>2,718</b>	<b>2,596</b>	<b>2,414</b>	<b>2,459</b>	<b>2,347</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>-4.4%</b>	<b>197.7%</b>	<b>-62.3%</b>	<b>-6.0%</b>	<b>18.5%</b>	<b>-4.5%</b>	<b>-7.0%</b>	<b>1.9%</b>	<b>-4.6%</b>
<b>Total Expenditures</b>	<b>\$ 49,017</b>	<b>\$ 56,524</b>	<b>\$ 69,720</b>	<b>\$ 74,762</b>	<b>\$ 55,371</b>	<b>\$ 54,606</b>	<b>\$ 60,060</b>	<b>\$ 50,706</b>	<b>\$ 64,625</b>	<b>\$ 65,996</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>15.3%</b>	<b>23.3%</b>	<b>7.2%</b>	<b>-25.9%</b>	<b>-1.4%</b>	<b>10.0%</b>	<b>-15.6%</b>	<b>27.5%</b>	<b>2.1%</b>
<b>Debt Service as a % of Noncapital Expenditures</b>	<b>4.9%</b>	<b>4.3%</b>	<b>11.3%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>5.4%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>4.4%</b>	<b>3.9%</b>

**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' annual financial report.

**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)**

For the Calendar Year Ended December 31,										
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Amounts</b>										
<b>Current:</b>										
General government	\$ 7,906	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183
Public safety	22,127	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928
Judicial	-	-	-	1,166	1,046	1,060	1,055	997	1,083	1,058
Utilities & environment	-	-	-	-	-	-	1,280	251	201	154
Economic environment	-	-	-	-	-	-	2,786	2,997	2,931	3,659
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	5,485
Social services	498	616	718	-	-	-	6,608	417	460	499
Culture and recreation	6,612	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342
<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>	<b>\$ 58,308</b>
<b>Percentage of Total</b>										
<b>Current:</b>										
General government	17.8%	18.3%	19.0%	18.3%	17.4%	17.5%	15.8%	20.7%	16.8%	17.5%
Public safety	49.9%	50.2%	52.4%	50.9%	51.6%	51.8%	47.9%	54.6%	53.0%	53.0%
Judicial	0.0%	0.0%	0.0%	2.4%	2.3%	2.2%	2.0%	2.1%	2.0%	1.8%
Utilities & environment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.5%	0.4%	0.3%
Economic environment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	6.2%	5.5%	6.3%
Physical environment	9.9%	9.8%	10.0%	12.2%	10.6%	9.9%	0.0%	0.2%	0.0%	0.0%
Transportation	6.4%	7.8%	4.0%	5.2%	4.2%	5.3%	5.3%	3.0%	10.3%	9.4%
Social services	1.1%	1.3%	1.4%	0.0%	0.0%	0.0%	12.5%	0.9%	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%	10.9%
<b>Total Current</b>	<b>100.0%</b>									

**Notes:**

<sup>1</sup> Includes all governmental fund types.

**Data Source:**

Applicable years' annual financial report.

**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)*

Source	For the Calendar Year Ended December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total Revenues</b>	\$ 50,610	\$ 52,938	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338
<b>Total Expenditures</b>	49,017	56,524	69,720	74,762	55,371	54,606	60,060	50,706	64,625	65,996
<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	2,342
<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	7,480
Transfers out	(7,640)	(11,919)	(14,296)	(7,495)	(5,672)	(30,958)	(5,435)	(3,527)	(5,818)	(5,545)
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	-	6
<b>Total Other Financing Sources</b>	(1,119)	658	7,113	3,465	3,943	28,425	2,135	(848)	1,867	1,941
<b>Net Change in Fund Balances</b>	\$ 474	\$ (2,928)	\$ (13,170)	\$ (16,509)	\$ 1,651	\$ 29,649	\$ 1,570	\$ (5,663)	\$ 3,725	\$ 4,283

**Data Source:**

Applicable years' annual financial report.

**City of Lynnwood, Washington**  
*Taxable Assessed Value of Property*  
*Last Ten Calendar Years*

<b>Calendar Year Ended December 31,</b>	<b>Total Direct Tax Rate <sup>1</sup></b>	<b>Total Assessed Value <sup>2, 3</sup></b>	<b>Annual Percentage Change</b>
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%
2016	2.2995	5,172,943,809	8.4%

**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

**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	
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
2016	1.86	0.44	2.30	4.67	0.89	2.12	0.57	10.56

**Data Source:**

Snohomish County Assessor's Office, <http://snohomishcountywa.gov/Forms-Publications/Annual-Reports>

**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
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%
2016	11,895,122	11,723,059	98.55%	152,045	11,875,104	99.83%	20,018	0.17%

**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

**City of Lynnwood, Washington**  
*Principal Property Taxpayers*  
 Calendar Year Ended December 31, 2016 and 2007

<b>2016</b>				
<u>Principal Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Alderwood Mall LLC	Retail Sales	\$ 138,611,571	1	2.68%
MGP XI Alderwood LLC	Retail Sales	43,249,500	2	0.84%
HPP Hudson Northview LLC	Real Estate Management	41,975,200	3	0.81%
Alaska Electrical Pension Fund	Business Complex	35,796,352	4	0.69%
Redstone Corporate Center LLC	Property Management	32,386,000	5	0.63%
Lynnwood Center LLC	Retail Sales	31,491,982	6	0.61%
Alderwood Heights Associates II LLC	Apartments	30,240,000	7	0.58%
Macys	Retail Sales	25,322,500	8	0.49%
Fred Meyer Stores Inc	Retail Sales	24,794,143	9	0.48%
FO Lynnwood Property LLC	Real Estate Management	24,268,000	10	0.47%
<b>Total Principal Taxpayers</b>		428,135,248		8.28%
<b>All Other Taxpayers</b>		4,744,808,561		91.72%
<b>Total</b>		\$ 5,172,943,809		100.00%

<b>2007</b>				
<u>Principal Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Alderwood Mall LLC	Retail Sales	\$ 129,388,900	1	2.80%
ECI Three Alderwood LLC	Retail Sales	32,050,000	2	0.69%
Lynnwood Center LLC	Retail Sales	28,584,474	3	0.62%
Alderwood Plaza LLC	Retail Sales	26,004,200	4	0.56%
Verizon Northwest Inc	Commercial	24,388,039	5	0.53%
Northwest Corporate Center LLC	Commercial	24,186,400	6	0.52%
Transwestern Lynnwood LLC	Real Estate Management	23,270,500	7	0.50%
Alderwood Shopping Center 04 E LLC	Retail Sales	19,173,000	8	0.41%
Puget Sound Energy and Gas	Energy Services	19,101,366	9	0.41%
Fred Meyer Stores Inc	Retail Sales	18,824,700	10	0.41%
<b>Total Principal Taxpayers</b>		344,971,579		7.46%
<b>All Other Taxpayers</b>		4,280,242,858		92.54%
<b>Total</b>		\$ 4,625,214,437		100.00%

*Data Source:*  
 Snohomish County Assessor's Office

**City of Lynnwood, Washington**  
*Direct and Overlapping Sales Tax Rates*  
*Last Ten Calendar Years*

<b>Calendar Year</b>	<b>Direct City</b>	<b>Overlapping</b>			<b>State of Washington</b>	<b>Total Direct and Overlapping Rate</b>
		<b>Local Transit</b>	<b>Regional Transit Authority</b>	<b>Snohomish County</b>		
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%
2016	1.00%	0.90%	1.20%	0.20%	6.50%	9.80%

**Data Source :**

State of Washington, Department of Revenue

**City of Lynnwood, Washington**  
**Principal Sales Taxpayers**  
**Calendar Years 2016 and 2007**

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**2016**

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<u>Principal Taxpayers by Category</u>	<b>Taxes Paid</b>	<b>Rank</b>	<b>% of Taxes Paid</b>
Motor Vehicle & Parts Dealers	\$ 3,992,799	1	18.5%
General Merchandise Stores	2,772,124	2	12.8%
Clothing & Clothing Accessories Store	2,167,450	3	10.0%
Food Services & Drinking Places	1,686,001	4	7.8%
Construction of Buildings	1,569,740	5	7.3%
<b>Total Principal Taxpayers</b>	12,188,114		56.4%
<b>All Other Taxpayers</b>	9,410,167		43.6%
<b>Total Paid</b>	<u>\$ 21,598,281</u>		<u>100.0%</u>

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**2007**

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<u>Principal Taxpayers by Category</u>	<b>Taxes Paid</b>	<b>Rank</b>	<b>% of Taxes Paid</b>
Motor Vehicle & Parts Dealers	\$ 3,183,540	1	16.4%
Clothing & Clothing Accessories Store	2,457,104	2	12.6%
General Merchandise Stores	2,418,101	3	12.4%
Food Services & Drinking Places	1,323,322	4	6.8%
Electronics & Supplies Stores	1,295,428	5	6.7%
<b>Total Principal Taxpayers</b>	10,677,495		54.9%
<b>All Other Taxpayers</b>	8,754,225		45.1%
<b>Total Paid</b>	<u>\$ 19,431,720</u>		<u>100.0%</u>

**Data Source:**  
 State of Washington, Department of Revenue

**City of Lynnwood, Washington**  
*Ratios of Total Debt Outstanding by Type*  
*Last Ten Fiscal Years*

December 31,	Governmental Activities			Business-type	Total Outstanding Debt	Personal Income <sup>1</sup>	Percentage of Total Personal Income <sup>2</sup>	Estimated Population <sub>1</sub>	Total Debt Per Capita <sup>3</sup>
	General	Special	Total	Revenue					
	Obligation Bonds	Assessment Bonds		Bonds					
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
2016	24,071,075	615,000	24,686,075	35,783,434	60,469,509	747,419,381	8.09%	36,590	1,653

**Notes:**

<sup>1</sup> Exhibit XXV

<sup>2</sup> Column K/Column M

<sup>3</sup> Column K/Column Q

**City of Lynnwood, Washington**  
*Ratios of Total Debt Outstanding by Type*  
*Last Ten Calendar Years*

<b>Calendar Year</b>	<b>G.O. Bonds <sup>1</sup></b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Estimated Population</b>	<b>Debt Per Capita</b>
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
2016	24,071,075	0.47%	36,590	658

**Notes:**

<sup>1</sup> Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

**City of Lynnwood, Washington**  
*Direct and Overlapping Debt*  
 December 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
<b>Overlapping Debt <sup>2</sup></b>			
Edmonds School District	\$ 353,390,000	22.84%	\$ 80,721,471
Public Hospital District #2	3,585,000	21.27%	762,410
Snohomish County	<u>395,500,000</u>	5.38%	<u>21,293,685</u>
<b>Total Overlapping Debt</b>	<u>752,475,000</u>		102,777,567
<b>City Direct Debt <sup>3</sup></b>	<u>24,686,075</u>	100%	<u>24,686,075</u>
<b>Total Direct and Overlapping Governmental Debt</b>			<u><u>\$ 127,463,642</u></u>

**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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assessed Value <sup>1</sup></b>	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	\$ 5,172,943,809
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 129,323,595
Debt applicable to limit:										
General obligation debt	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	24,071,075
Add: Available assets	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156
Total debt applicable to limit	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	23,922,919
Legal debt margin	\$ 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	\$ 105,400,676
As a percentage of debt limit	93.97%	95.43%	96.25%	82.96%	76.97%	74.37%	74.13%	76.70%	79.23%	81.50%

**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 XVII

**City of Lynnwood, Washington**  
**Legal Debt Margin - Up to 1.5% Debt Without A Vote**  
**Last Ten Calendar Years**

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assessed Value <sup>1</sup></b>	\$ 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	\$ 5,172,943,809
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (1.5% of assessed value)	\$ 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	\$ 77,594,157
Debt applicable to limit:										
General obligation debt	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	24,071,075
Add: Available assets	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156
Total debt applicable to limit	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	23,922,919
Legal debt margin	\$ 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	\$ 53,671,238
As a percentage of debt limit	89.95%	92.38%	93.74%	71.60%	61.61%	57.28%	56.89%	61.17%	65.39%	69.17%

**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

**City of Lynnwood, Washington**  
*Legal Debt Margin - 1% General Purposes Debt With a Vote*  
*Last Ten Calendar Years*

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assessed Value <sup>1</sup></b>	\$ 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	\$ 5,172,943,809
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (1% of assessed value)	\$ 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	\$ 51,729,438
Debt applicable to limit:										
General obligation debt	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	24,071,075
Add: Available assets	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156
Total debt applicable to limit	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	23,922,919
Legal debt margin	\$ 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	\$ 27,806,519
As a percentage of debt limit	84.93%	88.57%	90.62%	57.39%	42.42%	35.92%	35.33%	41.75%	48.08%	53.75%

**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% Utility Purpose Limit Voted**  
**Last Ten Calendar Years**

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assessed Value <sup>1</sup></b>	\$ 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	\$ 5,172,943,809
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 129,323,595
Debt applicable to limit:										
General obligation debt	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 129,323,595
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*

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assessed Value <sup>1</sup></b>	\$ 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	\$ 5,172,943,809
<b>Legal Debt Margin <sup>2</sup></b>										
Debt limit (2.5% of assessed value)	\$ 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	\$ 129,323,595
Debt applicable to limit:										
General obligation debt	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	24,071,075
Add: Available assets	371,744	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156
Total debt applicable to limit	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	23,922,919
Legal debt margin	\$ 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	\$ 105,400,676
As a percentage of debt limit	93.97%	95.43%	96.25%	82.96%	76.97%	74.37%	74.13%	76.70%	79.23%	81.50%

**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 XXIV*

**City of Lynnwood, Washington**  
***Pledged Revenue Coverage***  
***Last Ten Calendar Years***

<b>Calendar Year</b>	<b>Operating Revenues</b>	<b>Less Operating Expenses <sup>1</sup></b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fixed Charges Coverage Ratio</b>
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
2016	19,870,417	13,798,270	6,072,147	1,391,494	1,376,323	2,767,817	2.19

**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>
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	5.5%	4.7%	6.1%
2015	36,420	722,144,329	19,828	38.6	9,417	5.0%	5.0%	5.3%
2016	36,590	747,419,381	20,427	37.0	9,775	4.9%	5.3%	4.9%

**Notes:**

<sup>3</sup> Estimated - per income divided by population.

**Data Source:**

<sup>1</sup> Snohomish County <http://snohomishcountywa.gov/documentcenter/view/41556>

<sup>2</sup> U.S. Department of Commerce, <https://www.bea.gov/newsreleases/national>

<sup>4</sup> U.S. Census Bureau, <https://suburbanstats.org/population/washington/how-many-people-live-in-snohomish-county>

<sup>5</sup> Office of Superintendent of Public Instruction, Washington State Report Card

<sup>6</sup> Washington State Employment Security, <https://www.fortess.wa.gov/esd/employmentdata/reports>

<sup>7</sup> U.S. Department of Labor, Bureau of Labor Statistics, <https://stats.bls.gov/cps>

**City of Lynnwood, Washington**  
**Principal Employers**  
 For the Calendar Years Ended December 31, 2016 and 2007

Employer	Product/Service	2016		
		Number of Employees	Rank	Percentage of Total City Employment
Edmonds Community College	Public Education	3,416	1	40.23%
Edmonds School District	Public Education	507	2	5.97%
City of Lynnwood	Government	482	3	5.68%
Costco Wholesale Corp	Wholesale Warehouse	512	4	6.03%
Nordstrom	Retail	433	5	5.10%
Macy's	Retail	324	6	3.82%
Fred Meyer	Retail	306	7	3.60%
Costco Wholesale Corp	Wholesale Warehouse	512	8	6.03%
JC Penney Corp	Retail	241	9	2.84%
ADP LLC	Payroll	211	10	2.48%
<b>Total Principal Employers</b>		<b>6,944</b>		<b>81.78%</b>
<b>Total Other Employers <sup>1</sup></b>		<b>1,547</b>		<b>18.22%</b>
<b>Total Employers</b>		<b>8,491</b>		<b>100.00%</b>

Employer	Product/Service	2007		
		Number of Employees	Rank	Percentage of Total City Employment
Nordstrom Inc	Retail	431	1	13.20%
Volunteers of America	Retail	350	2	10.72%
Macy's	Retail	340	3	10.42%
J C Penney Corp	Retail	314	4	9.62%
Fred Meyers	Retail	224	5	6.86%
Sears	Retail	197	6	6.04%
Target	Retail	185	7	5.67%
Armstrong In-Home Care	Medical	139	8	4.26%
P F Chang's China Bistro	Restaurant	131	9	4.01%
Continental Services Inc.	Restaurant	126	10	3.86%
<b>Total Principal Employers</b>		<b>2,437</b>		<b>74.66%</b>
<b>Total Other Employers <sup>1</sup></b>		<b>827</b>		<b>25.34%</b>
<b>Total Employers</b>		<b>3,264</b>		<b>100.00%</b>

**Data Source:**

<sup>1</sup> The total employers were estimated by City management.

Note: Prior to 2015 the school district, college and municipality were not included.

**City of Lynnwood, Washington**  
*City Employees by Function/Program*  
*Last Ten Calendar Years*

Function/Program	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>	97.25	91.50	91.50	117.34	79.67	79.67	84.41	82.06	86.50	94.00
Public safety										
Police										
Officer	72.50	77.00	85.00	85.00	75.00	75.00	72.00	72.00	72.00	72.00
Civilians	14.00	16.00	15.00	15.00	12.00	12.00	12.00	12.00	14.00	14.00
Detention and corrections	15.00	16.00	16.00	16.00	17.00	17.00	15.00	15.00	15.00	15.00
Animal control	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Fire</b>										
Firefighters, medics and officers	55.00	57.00	60.00	60.00	53.00	53.00	58.00	57.00	56.00	56.00
Civilians	2.15	3.00	3.40	3.40	1.40	1.40	1.50	2.50	2.50	2.50
<b>Public Works</b>										
Engineering and inspections	16.00	24.50	20.63	20.63	20.75	20.75	18.00	20.50	21.00	21.00
Street maintenance	20.00	20.00	12.00	12.00	11.00	11.00	9.15	9.15	10.00	10.00
Water	9.00	5.00	10.00	19.00	9.00	9.00	9.00	9.35	9.00	9.00
Sewer	17.00	15.00	19.00	19.00	19.00	19.00	19.00	20.00	19.00	19.00
Storm drainage	4.00	4.00	6.00	6.00	10.00	10.00	10.00	11.00	10.00	10.00
<b>Culture and Recreation</b>	49.60	51.00	56.97	56.97	46.83	46.83	41.98	41.98	38.50	35.00
<b>Total</b>	<b>373.50</b>	<b>382.00</b>	<b>397.50</b>	<b>432.34</b>	<b>355.65</b>	<b>355.65</b>	<b>351.04</b>	<b>353.54</b>	<b>354.50</b>	<b>358.50</b>
<i>Percentage Change From Prior Year</i>	0.8%	2.3%	4.1%	8.8%	-17.7%	0.0%	-1.3%	0.7%	0.3%	1.1%

*Data Source:*  
 City budgets

**City of Lynnwood, Washington**  
**Operating Statistics by Program**  
**Last Five Calendar Years**

	December 31,				
	2012	2013	2014	2015	2016
<b>General Government</b>					
Building permits	2,225	2,247	2,423	3,278	2,454
<b>Public Safety</b>					
Police					
Inmates booked	4,269	4,065	4,047	4,628	3,764
Physical arrests (UCR)					
Adults	2,345	2,226	2,430	2,251	2,815
Juveniles	438	431	362	283	221
<b>Municipal Court</b>					
Traffic Violations	7,834	7,001	6,641	8,030	8,111
Parking/PE	26,478	24,700	29,301	34,378	36,820
Criminal violations	3,293	2,443	2,320	2,168	2,475
DUI/Physical Control	448	304	221	211	261
<b>Fire</b>					
Number of calls answered	7,046	6,940	6,963	7,636	9,026
Inspections	3,806	5,171	4,958	5,960	5,081
<b>Transportation</b>					
Potholes repaired	52	81	28	125	146
<b>Culture and Recreation</b>					
Total recreation program registrations (net)	27,376	29,022	29,857	28,849	33,424
Recreation center usage	248,517	256,129	244,183	263,998	271,019
<b>Water</b>					
Average daily consumption (CCF)	3,850	3,952	3,960	4,094	4,012
Hydrant inspected/repared/replacement	1,623	1,705	1,106	692	849
<b>Sewer</b>					
Average daily sewer treatment (MGD)	4.64	4.15	4.52	4.17	4.48
<b>Finance</b>					
Number of public disclosure requests	na	272	453	562	489

**City of Lynnwood, Washington**  
*Capital Asset and Infrastructure Statistics by Function/Program*  
*Last Five Calendar Years*

Function/program	December 31,				
	2012	2013	2014	2015	2016
<b>Public Safety</b>					
Police					
Number of Stations	1	1	1	1	1
Number of Police Units	81	81	79	85	86
Fire					
Number of Stations	2	2	2	2	2
<b>Transportation</b>					
Miles of streets, lane miles	272	272	272	272	272
Number of signals	55	55	55	55	57
Number of street lights	356	356	373	370	370
<b>Culture and recreation</b>					
Number of parks	16	17	17	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	120.94 acres	123.96 acres	142.72 acres
Miles of trails outside of parks	6.78	6.78	6.78	7.6	7.6
Golf courses	1	1	1	1	1
Recreation center	1	1	1	1	1
Senior center	1	1	1	1	1
<b>Water</b>					
Number of consumers	8,053	8,053	8,538	8,558	9,203
Miles of water mains	169	-	162	136	135
Fire hydrants	1,007	1,007	1,043	1,045	1,032
<b>Sewer</b>					
Miles of sanitary sewers	96.9	96.9	106.7	106.4	105.4
Number of sewer customers	8,514	8,514	8,071	8,083	8,987
Maximum monthly treatment plant capacity	7.4 MGD				



**LYNNWOOD**  
WASHINGTON